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## From Brain Drain to Brain Gain: Unlocking Diaspora Finance in Small States

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### 1. Introduction: the need to scale up development finance

Inadequate access to concessional financing continues to pose a bottleneck to small states, affecting their developmental aspirations. While some small states have graduated from eligibility to access development finance, their unique characteristics including their small size, geographical positioning and location pose serious challenges requiring financial support. The financing challenges faced by small states are exacerbated by their inherent vulnerabilities to external shocks, which place a burden on their economies due to their already limited fiscal space. This leads further to accumulation of debt, leaving some countries at risk of debt distress (The Commonwealth, 2024).

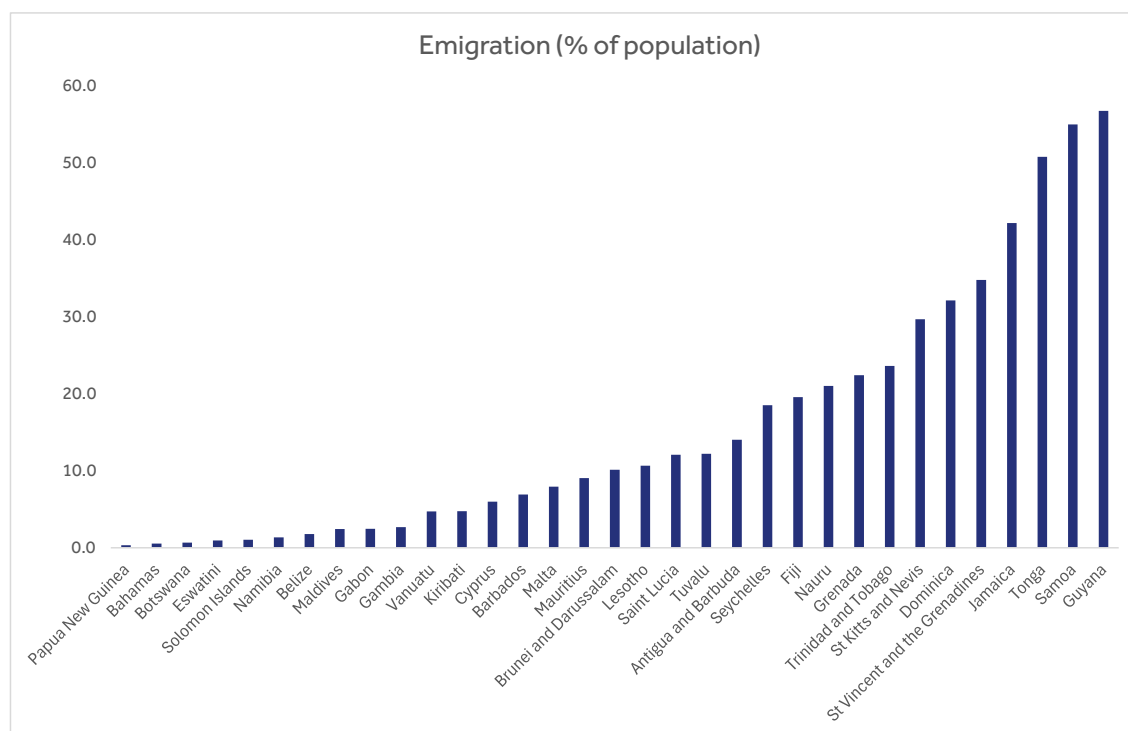
With the recent wave of socio-economic shocks that have impacted the economies of small states, scaling up access to finance remains crucial. Additionally, increasing challenges with official development assistance (ODA) and inadequate foreign direct investments (FDI) further underscore the situation (UNCTAD, 2025). Exploring

untapped sources of financing is therefore imperative to help member states achieve their development targets, including the Sustainable Development Goals (SDGs), and build resilient economies.

The vital role of diaspora finance as an important source for funding national development remains largely untapped in many countries. Comprising remittances and diaspora investments, diaspora finance offers a reliable and stable alternative to traditional forms of external financing. Its relative stability is often attributed to the strong emotional and patriotic ties diaspora communities maintain with their countries of origin, making it a low-cost and reliable source of funding. Despite its potential to support national development, including regular funds remitted to family members, many countries have only been recently exploring these opportunities and have yet to create adequate and relevant opportunities for diaspora investments.

This paper seeks to explore how diaspora financing can contribute meaningfully to development. Section 2 examines the overall role of diaspora

**Figure 1. Emigration as a percentage of the population in Commonwealth small states (CWSS) (2024)**



Source: Author's calculation with data from Migration Data Portal (2025), World Development Indicators

Note: Emigration figures are for 2024, while population is for 2023.

finance, emphasising the contributions to development of remittances and the potential for supporting key sectors in small states like tourism and addressing climate change. Section 3 reviews the range of tools available to facilitate diaspora investment. Section 4 offers an in-depth analysis of diaspora bonds, highlighting the key factors that contribute to their success. Finally, Section 5 presents policy recommendations tailored to the needs and contexts of Commonwealth small states.

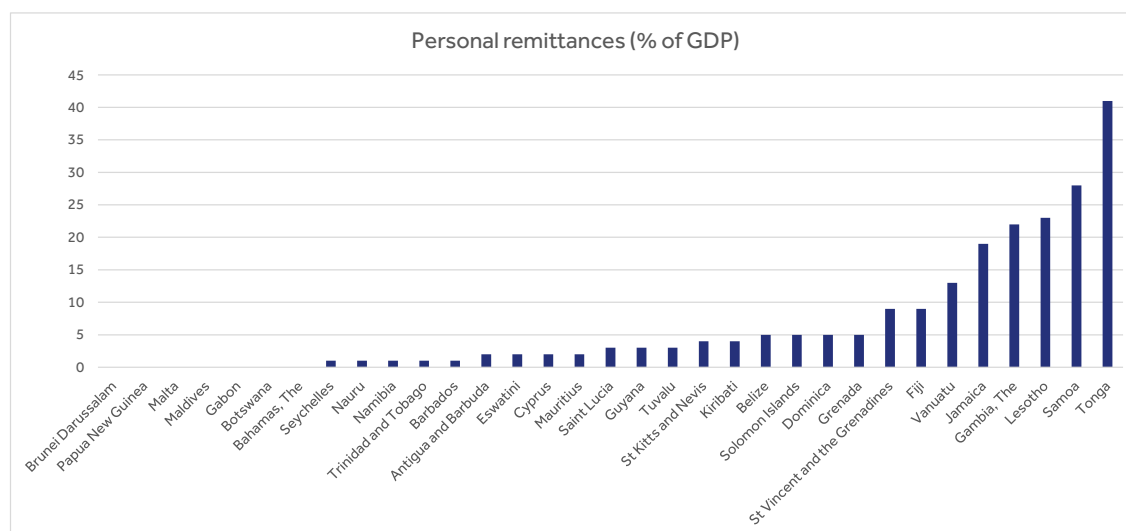
## 2. Diaspora financing: key source of development finance.

### 2.1 The case for diaspora financing

While diasporas are keen to have financial gains from their investment, the main argument for leveraging diaspora finance draws from the patriotic discount associated with diaspora finance. This relates to the emotional ties that diaspora communities have with their countries

of origin, suggesting that the diaspora have less financial gains as motivation for investing in their home countries. The patriotic discount implies that the diaspora is willing to accept lower interest rates and for longer-term maturity. This was evident in Cyprus during the country's 2013 financial crisis, when the Cypriot diaspora highlighted their willingness to invest back home due to altruism and patriotism, driven by emotional factors rather than financial gains (Karayianni et al., 2023). In addition to the perceived emotional underpinnings associated with diaspora investment, diaspora finance is easier and quicker to mobilise and is a less bureaucratic source of funding compared to other forms of development finance (Funds for NGOs, 2025).

Emigration has been steadily increasing, especially among small states (Figure 1). With the rise in emigration and as more qualified individuals migrate in search of better

**Figure 2. Personal remittances as a percentage of GDP in 2023**

Source: World Bank, World Development Indicators (2025)

opportunities, small states face high levels of brain drain and significant losses of human capital essential for development. This is especially concerning given their already limited populations and labour force. For instance, in 2020, emigration figures in Dominica reached 78,200, reflecting 109 per cent of its population (IOM, 2023).

The losses in human capital can be turned into gains through enhancing the opportunities for diaspora investments. By giving back to their countries of origin, they can actively support national development. In particular, diaspora finance can make a real difference through remittances and diaspora investments but also by investing in sectors that are crucial to small states, like climate resilience and development of tourism opportunities.

## 2.2 The role of remittances for development

With remittances increasing over the years and surpassing ODA and FDI (Rillo and Levine, 2018) in many small states, the importance of diaspora finance cannot be understated. For many CWSS, remittances contribute significantly to gross domestic product (GDP) (Figure 2). This is especially true for small states like Samoa and Tonga, where remittances contribute up to between 28 and 40 per cent to

GDP, respectively. Additionally, with remittances being countercyclical with the economic performance of the diaspora country of origin, there is an opportunity for small and developing states to leverage this. The countercyclical nature of remittances became more apparent during COVID-19, when remittances performed exceptionally well for Commonwealth member countries despite initial predictions by the World Bank that they would fall by 20 per cent (World Bank, 2020; Mughogho, 2021).

In recent years, more countries have been increasing their focus on making remittances more productive and beyond the support for household and family expenditure. This entails promoting diaspora investment that could have far-reaching economic benefits. Commonwealth countries that have successfully leveraged remittances into diaspora investments include India, where 20–30 per cent of the country's diaspora population of 32 million have invested over several years in areas like pharmaceuticals, information technology (IT) and textiles (The Commonwealth, 2024). Meanwhile, the Bangladeshi diaspora has made substantive investments in textiles and garments (Ibid).

While moving towards diaspora investment is the ultimate goal for many countries, remittances in their own right can still play a crucial role in supporting development and helping to attain the Sustainable Development Goals (SDGs) in several ways. These include:

- **Supporting education and health.**  
Remittances sent to support expenditure on school fees and healthcare can help improve health and education outcomes. This is crucial for SDGs 3 and 4 on Good Health and Quality Education.
- **Poverty reduction and inequality.**  
Sending money to friends and family back home can help alleviate poverty and reduce inequality, helping to achieve SDGs 1 and 2 on No Poverty and Zero Hunger.
- **Entrepreneurship.**  
In some cases, households that receive remittances also save some of their earnings. This can be reinvested or used to support entrepreneurship endeavours. This in turn can help generate employment and can be important in attaining SDG 8 on Decent Work and Economic Growth. Apart from investing in businesses, households also invest in real estate, enterprises and spending on education, created assets with high future yields (Gelb et al., 2021).

Facilitating greater remittance flows is therefore vital. Recognising the importance of remittances, the UN SDGs under SDG10.c highlights the importance of reducing the costs of remittances to less than 3 per cent of the transaction costs of migrant remittances and eliminating remittance corridors with costs higher than 5 per cent. Across the Commonwealth, several countries have made strides towards facilitating greater remittance flows with greater use of FinTech tools and putting in place targeted initiatives aimed at enhancing diaspora investment (Box 1).

### **2.3 Expat impact: diaspora funding for climate action and tourism**

Small states are uniquely vulnerable to climate shocks (The Commonwealth, 2024). This makes access to climate financing even

more important – yet it remains limited. The diaspora can therefore help by supporting local climate initiatives and bridging some climate financing gaps. Tourism is an important sector for investment opportunities in small states. In some countries, tourism accounts for up to 40 per cent of GDP, making them highly vulnerable to external shocks – something that became apparent during the COVID-19 pandemic (The Commonwealth, 2022). Diaspora engagement can therefore be useful as well, by investing in more sustainable forms of tourism that can also contribute to promote long-term resilience.

#### **Diaspora finance for climate action**

Despite contributing little to climate emissions, small states remain highly vulnerable to climatic shocks (The Commonwealth, 2024). This is due to their geographical location and the low-lying nature of some small island states, which makes them vulnerable to sea level rise. With limited access to climate finance, there is an opportunity for the diaspora to help support climate change, helping to tackle SDGs 7 (Affordable and Clean Energy) and SDG 13 (Climate Action). The willingness of the diaspora to support climate change is becoming more apparent, as they are keen to invest in areas where they can assess the tangible socio-economic benefits to their home countries. In their survey, Salia and Nyantaki (2022) found that there was an 88 per cent likelihood of diasporas investing in diaspora bonds when they support national development, such as initiatives to address climate change.

One way in which the diaspora can support climate action is through remittances that can be used to support or fund projects that boost climate resilience and help to mitigate the effects of climate change. This could include supporting the purchase of renewable energy infrastructure and supporting sustainable industries like sustainable tourism (Funds for NGOs, 2025). Such support could be done through pooling remittances or crowdfunding. Remittances can also be used to purchase climate insurance for households and may help build resilience by helping households

## Box 1. Facilitating remittances in Pakistan and Tonga

### The Pakistan Remittances Initiative

This was launched in 2009 as a joint initiative between the State Bank of Pakistan, the Ministry of Overseas Pakistanis and the Ministry of Finance. The initiative aimed to facilitate and support cheaper and faster flows of remittances to Pakistan, as well as create investment opportunities for overseas Pakistanis. Through a consultative process, the initiative created a more competitive environment with improvements in efficiency and encouraged banks to open dedicated Home Remittances Centres (Shabbir, 2012).

### The Ave Pa Anga Pau initiative in Tonga

With half of its population residing abroad, Tonga has the highest contribution of remittances to GDP in the world at 40 per cent. Recognising the important role of remittances to GDP, the Government of Tonga has been implementing several initiatives aimed at facilitating remittances, most notably the Ave Pa Anga Pau. This is a digital remittance tool that allows for cashless transfers of remittances and was implemented to enhance remittances and facilitate sending them to Tonga at a lower cost (Porteret, 2020). Developed in collaboration with the International Financial Cooperation and the Tonga Development Bank, and with financing from Australia and New Zealand, the tool offers a quick and secure way of sending money. Additionally, the sending costs through this platform are 5 per cent, significantly lower than any other method of sending money (IFC, 2020).

to buy assets that make them more resilient (IFAD, 2024). The diaspora can also be crucial in providing disaster financing to support recovery, as was done in Pakistan in 2022 (Box 2). Additionally, the diaspora could invest in green bonds or green businesses, such as clean energy businesses, eco-tourism and sustainable tourism, which can promote greater resilience in small states.

#### Tourism beyond borders: diaspora driving tourism

Thirty-three (33) of the 56 Commonwealth countries are small states, for whom tourism plays a crucial role in their economies, contributing significantly to their GDPs, foreign exchange and employment. In recent years, the tourism industry in Commonwealth small states has been hit by a barrage of shocks, including the COVID-19 pandemic and the ongoing effects of climate change. Moving forward, building resilience in tourism is vital. The diasporas of

Commonwealth small states can therefore support tourism industries in their respective home countries.

One way in which the diaspora can support tourism is by investing in tourism infrastructure and enterprises. This can range from small- to large-scale investments to support tourism. An example is found in Jamaica, where the diaspora embarked on a project to invest US\$86 million in the High Life Resort and Spa (Jamaica Gleaner, 2024). Similarly, in Dominica, an initiative by a returnee diaspora has resulted in one of the most sustainable tourism establishments in the small island nation (Box 3).

The diaspora can also benefit from investing in real estate and establishing Airbnbs to increase accommodation. This is particularly important for small states, such as Fiji, which face high tourism demand but have limited hotel accommodation capacity. It is also particularly the case in the post-COVID-19 period, where tourism in many small states has rebounded by more than pre-pandemic levels. Diaspora

## Box 2. The role of the diaspora in climate change and disaster recovery in Commonwealth countries

In **Nigeria**, the energy solar company Arnergy launched a diaspora initiative that enables the diaspora to invest in solar energy on behalf of local businesses and individuals (Whitlock, 2021). This has facilitated remittance-based purchases of solar electric systems by homes and businesses.

The diaspora has also played a crucial role in post-disaster recovery in several Commonwealth countries. This includes the **Pakistani diaspora**, who in 2022 raised significant funds to support flood victims. Additionally, through the Paani Initiative, a second-generation diaspora group invested their resources to support flood relief and provide access to clean water in Pakistan (DEMAC, 2025). Similarly, in **Sri Lanka**, diaspora members participated in awareness-raising events such as a 'Climathon' in 2019 and contributed to climate-related education and advocacy (Danish Refugee Council, 2025).



investment in tourism real estate is taking place in Cyprus, where the diaspora invests in family holiday homes, with their investment driven largely by cultural values (Karayianni et al., 2023).

The diaspora can also support the tourism industry by bringing in technical know-how and skills and providing finance to develop niche tourism products that boost diversification within the industry. Additionally, diasporas can serve as tourism ambassadors for their home countries. This is taking place in countries like Grenada, where the government launched the 437 Connect for Grenadians, aimed at the diaspora. Under this initiative, diaspora members enrol in training and once completed, act as ambassadors who can recommend Grenada as a holiday destination. As an incentive, they are given exclusive access to travel advisers as well as discounts on accommodation, and they receive points for each person recommended who visits Grenada (Caribbean Tourism Organisation, 2025).

A few Commonwealth countries are already putting tourism forward as a potential area for diaspora investment. In its engagement with the Guyanese diaspora, the Government of Guyana identified tourism as a key sector for investment. The government also expressed its readiness

to allocate land to support such initiatives, contingent upon the submission of viable proposals (Guyana Office for Investment, 2024).

In essence, diaspora play a vital role in supporting growth and resilience of key sectors in small states. Beyond its contributions to climate change adaptation and tourism development, diaspora financing – through remittances and investment – can significantly boost other critical areas such as agriculture, financial services and enterprise development. Harnessing this potential offers small states a strategic pathway toward inclusive and sustainable economic progress.

### 3. Beyond remittances: diaspora investment and financing tools

The diaspora of Commonwealth countries hold a wealth of savings they are willing to invest back home. A study by the Commonwealth (2017) highlighted that there is an estimated diaspora investment potential for Commonwealth countries of approximately US\$73.2 billion per annum. To fully harness the potential opportunities, enhancing diaspora investment is essential for member states. A wide range of tools exists to facilitate this, from basic financial products and loan schemes

### Box 3. Returnee diaspora investment in Dominica: the case of the Jungle Bay Resort

The Jungle Bay Resort is the brainchild of a returnee Dominican diaspora. It is an eco-tourism resort that has become a model for sustainable tourism, not only in Dominica but in the Caribbean as a whole. The owner, Dominican American Samuel Raphael, established the resort after living abroad for many years in the US Virgin Islands and the United States. The resort was built with sustainability in mind and considerations for the environment. The resort design and operation are in line with responsible tourism and environmental awareness (CS Global Partners, 2024).



tailored for diaspora interests to more advanced instruments, such as diaspora bonds, designed to fund targeted development initiatives.

Additionally, diasporas can play a pivotal role in supporting start-ups and contributing to venture capital, thereby fostering innovation and entrepreneurship in their home countries. The Africa network is one example of diaspora contributing to venture capital which provides support with management of enterprises through mentorship (Gelb, 2021). Box 4 outlines several key diaspora investment tools, including equity financing, loan options and specialised financial products.

#### 3.1 A strategic and closer look at diaspora bonds

Diaspora bonds are debt instruments issued by governments aimed at raising finance from the diaspora. Diaspora bonds are seen as an attractive option for countries because they provide them with a cheap and stable source of financing, while diasporas are mostly drawn to diaspora bonds due to their patriotism (Ketkar and Ratha, 2007). First pioneered in Israel in 1951, diaspora bonds have been popular with many countries – which have issued diaspora bonds with varying degrees of success. In this section, the paper looks closely at the experiences of different countries to determine factors that have contributed to the success of these bonds in order to draw lessons for other countries.

#### Experience with diaspora bonds across the Commonwealth and beyond

Among Commonwealth countries, India has had success issuing three bonds in 1991, 1998 and 2000, while Nigeria issued a diaspora bond in 2017 that was oversubscribed by 130 per cent (UNCDF, 2023). While success stories have been registered across the Commonwealth (Table 1) and beyond, diaspora bonds have provided mixed results, with some countries benefitting largely while others fail. For example, when Ghana issued its Golden Savings Jubilee bond in 2007, it failed to raise the intended target of 50 million new cedis (GHS) but was able to significantly raise GHS20 million (UNCDF, 2023). The Government of Kenya also attempted to issue a diaspora bond, which was moderately successful (Schneidman et al., 2022; Gevorkyan, 2021).

#### Success factors for diaspora bonds

Several factors have contributed to the success of diaspora bonds. These include:

##### i. Diaspora size

In most cases, countries that have had positive experiences with diaspora bonds are those with a large diaspora, including India and Nigeria. However, it is crucial to note that success also depends on whether the diaspora stock of a country has sufficient wealth to be able to take up a diaspora bond (UNCDF, 2023).

Table 1. Diaspora investment tools

Equity	<b>Direct diaspora investment</b>	
	<ul style="list-style-type: none"> <li>• Transnational corporate investment: Here, a firm or company owned by the diaspora in the destination country invests in the home country.</li> <li>• Private equity venture capital: Here, the diaspora mobilises equity to invest in a business in their home country. An example is the Africa Network.</li> </ul>	
	<b>Diaspora portfolio investment</b>	
Loans and financial products	<ul style="list-style-type: none"> <li>• Here, the investor holds a small portion of equity and does not influence decisions. Examples include shares and diaspora mutual funds.</li> </ul>	
	<b>These include</b>	
	• Diaspora bank accounts	Examples include countries like India, Malawi, Nigeria, Kenya, Ghana, Sierra Leone and Tanzania.
	• Remittance-linked housing loans	Examples include Mi Casa Con Remesas in Colombia or Mi Vivienda in Peru.
	• Diaspora mortgage facilities	These are available in several Commonwealth countries, including Nigeria and Zambia.
	• Equipment leasing for businesses	This includes the provision of physical capital to the country of origin, such as with the Ovamba platform in Cameroon.
Knowledge	<ul style="list-style-type: none"> <li>• Other financial products that countries can offer the diaspora include loans using pooled remittances as collateral, diaspora insurance and diaspora pension schemes.</li> </ul>	
	<ul style="list-style-type: none"> <li>• <b>Diaspora skills and knowledge networks.</b> These can be platforms for: <ul style="list-style-type: none"> <li>• technical and business information;</li> <li>• skills and human capital exchanges;</li> <li>• returning diaspora enterprises;</li> <li>• diaspora FDI promotion; and/or</li> <li>• crowdfunding.</li> </ul> </li> </ul>	
Bonds	<ul style="list-style-type: none"> <li>• <b>Diaspora bonds.</b> These allow lending by government and public utilities.</li> </ul>	
	<ul style="list-style-type: none"> <li>• <b>Remittances securitisation.</b> This involves securitisation bundles with title to future remittance flows.</li> </ul>	

Source: Gelb et al. (2021); UNCDF (2023)

At the same time, the proportional representation and participation of diaspora in countries with smaller size is significant.

## ii. Marketing and engagement

Marketing of diaspora bonds has also been shown to contribute to their success. For instance, when Israel issued its first bond in 1951, it had an extensive marketing campaign

**Table 2. Diaspora bonds in Commonwealth countries**

Name	Year	Money raised	Key facts
Nigeria	2017	US\$300 million	This was used to help raise financing for infrastructure.
India Millennium Deposits	2000	US\$5.5 billion	These were also issued to support a balance of payments crisis.
Resurgent Bonds	1998	US\$4.2 billion	This was the first true diaspora bond as it was limited to non-resident investors (NRIs). Funds were raised for infrastructure development.
India Development Bonds	1991	US\$1.6 billion	These were issued following a balance of payments crisis.

Source: Schneidman et al., 2022; UNCDF, 2023; Benson, 2018; Ketkar and Ratha, 2007

(Gevorkyan, 2021). Additionally, Israel had a substantive engagement campaign with the diaspora, which helped to ensure positive results.

### iii. Diaspora bond structure

To ensure that diaspora bonds are successful, it is crucial to structure them in a way that makes them appealing to investors. This includes denominating them in foreign currency to protect investors from currency fluctuations. An example is Israel, where up to 94 per cent of its bonds have been issued in foreign currency (Gevorkyan, 2021).

Additionally, registering bonds on a stock market where diasporas live has proved to contribute to their success. An example is when Nigeria registered its bond on the American Securities and Exchange Commission (SEC), the UK Listing Authority and the London Stock Exchange (Benson, 2018). Israel also registered its bonds on the SEC, while India relied on global Indian and commercial banks that dealt with the diaspora to facilitate the bonds (Schneidman et al., 2022; Gevorkyan, 2021).

### iv. Links to development

In countries such as Nigeria, Israel and India, diaspora bonds have been successfully issued to support infrastructure development or to bolster the balance of payments (BoP). When members of the diaspora choose to invest in their countries of origin, they are often

motivated by the perceived developmental impact of their contributions. Diaspora bonds, in particular, tend to be more successful when they are tied to projects with clear economic value, such as infrastructure development, which enhances investor confidence in their potential for repayment (Schneidman et al., 2022).

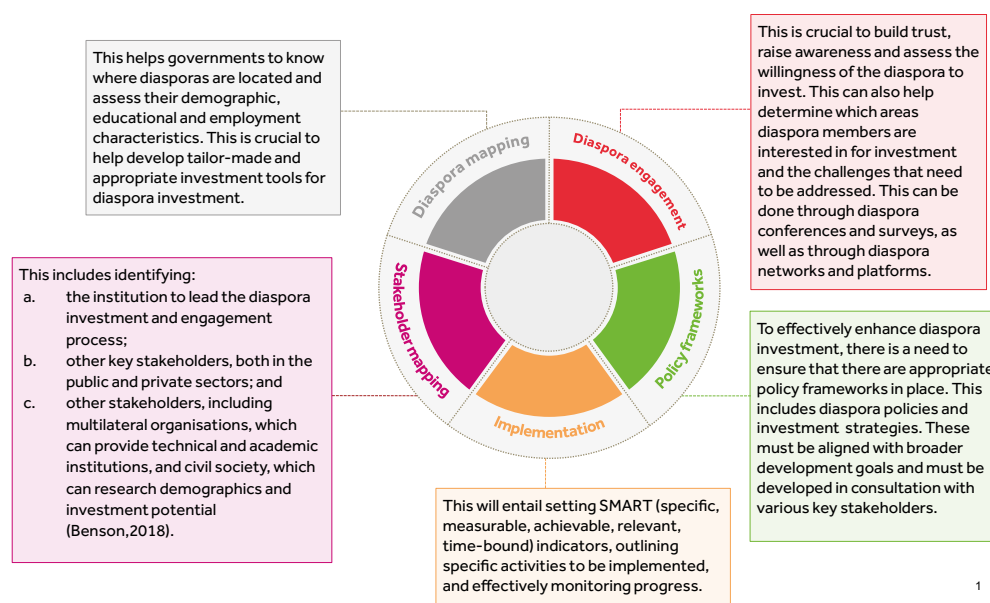
### v. Transparency

Ensuring that governments are transparent on the use of funds is crucial for future bonds. A proven track record of utilising funds for their intended purpose and relaying information to the diaspora can be beneficial. Additionally, bonds would have to conform to the governance and transparency standards of the stock market on which they are listed (Schneidman et al., 2022).

### vi. Macroeconomic fundamentals

While diaspora investment benefits from the 'patriotic' discount, the diaspora are still keen to see financial gains from their investment. Thus, ensuring macroeconomic fundamentals are conducive for investment is crucial regardless of the type of investment. Additionally, fostering adequate trust remains imperative to ensure a sufficient uptake of diaspora bonds. Ethiopia attempted to issue diaspora bonds in 2008 and 2011 – both targeting energy infrastructure. However, in both cases, the bonds fell short of expectations due to perceived lack of trust by investors (Schneidman et al., 2022).

**Figure 3. Key elements for a successful diaspora engagement and investment approach**



Source: Authors' compilation

### 3.2 Towards enhanced diaspora investment

The preceding sections have looked at various ways in which diaspora can support development and outlined some available investment alternatives. Looking ahead, small states have a significant opportunity to harness diaspora investment as a means of addressing development financing gap many of them face. To do so effectively, strategies and tools must be tailored to their specific socio-economic contexts. Choosing the right approach to enhance diaspora investment is a complex and multifaceted process. Ultimately, the success of a country's diaspora engagement strategy depends on several foundational elements, including comprehensive diaspora mapping and the development of a robust policy framework (see Figure 3).

## 4. Conclusions and policy recommendations: Small States, Big Opportunities?

This paper has explored various ways in which diaspora finance can contribute to development in Commonwealth small states (CWSS). It has examined how diaspora resources can support

national development efforts, highlighting the role of remittances, diaspora involvement in key economic sectors of small states such as tourism, and their contributions to critical areas of vulnerability such as climate change. Throughout, it has been evident that diaspora finance plays a crucial role in development. The report also outlines the diverse tools available for diaspora investment, with an emphasis on diaspora bonds. The paper has summarised key success factors for these instruments, drawing lessons from international experiences.

### 4.1 Policy considerations for small states

Going forward, several key considerations must be addressed for small states to fully benefit from and unlock greater diaspora investment. These include:

#### Developing appropriate diaspora investment tools and products

Diaspora investment can take many forms, ranging from financial products and business partnerships to support for small and medium enterprises (SMEs). Depending on their diaspora population sizes, small states must design targeted and appropriate tools

that align with the interests and capacities of their diaspora communities. Real estate, for instance, has traditionally been a popular investment choice among diaspora members. To leverage this, small states can facilitate such investments by offering supportive measures, such as mortgage-based loan schemes and the development of real estate projects specifically tailored for diaspora investors, accompanied by strategic marketing campaigns. Equally important is ensuring that diaspora investment products are aligned with national development priorities. To achieve this, small states should identify and prioritise key sectors of their economies, such as tourism, economic infrastructure and climate resilience, which can benefit most from diaspora engagement and investment.

#### **Facilitating remittances**

Facilitating remittances could be done by increasing access to financial services and digital tools and enhancing awareness, information and financial literacy. Remittances can also be supported by reducing costs through initiatives like publishing information on money transfer operator costs, which can help reduce costs by improving competition, supporting regulation and incentivising innovations. Reducing remittances costs in small states can also be facilitated by improving the payment system infrastructure for remittances, including automated teller machines (ATMs) and point of sale, digitising remittances and use of relevant financial technologies to help increase inflows (UNCDF, 2023). Additionally, initiatives to help migrants pool their resources could be implemented, including encouraging schemes such as hometown associations – which are prevalent in countries like Cameroon and Mexico.

#### **Improving business environment and providing incentives**

Incentives could include providing tax incentives and access to finance and supporting private sector development. Other incentives include strengthening infrastructure in Special Economic Zones (SEZ) and Export Processing Zones (EPZs), enhancing e-commerce and

logistics capabilities, and providing investment insurance to mitigate risks (Commonwealth Union, 2024).

#### **Ensuring consumer protection and fostering diaspora rights**

Putting in place regulations that protect consumers is also imperative to enhance diaspora investment, as is extending rights to the diaspora. These could include citizen and voting rights, as well as a general recognition of the diaspora (The Commonwealth, 2017). This could help build diaspora confidence in investing back home.

#### **Raising awareness and investment promotion**

Following the development of diaspora investment tools, raising awareness of these tools would be a vital next step. This can be through continuous engagement with the diaspora, facilitated by the relevant high commissions and embassies. This can also be done through development of diaspora investment platforms that make information for investment opportunities available to the diaspora.

#### **Building trust**

The key to success in attracting enhanced diaspora investments will be for countries to earn the trust of their diasporas. This could be achieved by enhancing transparency and also by improving the governance of the regulatory system. Continuous engagement is therefore crucial to ensure that the diaspora feels involved.

#### **Exploring the role of technology**

Further involvement for technology could include the diaspora funding tech start-ups and also exploring digital platforms for diaspora investment and fintech innovations. Small states could also explore the role of blockchain in diaspora investment.

#### **Enabling active engagement of diaspora in capacity building through volunteering and internship opportunities**

Diaspora can contribute actively with knowledge sharing and capacity building for their home countries through creating opportunities for inter-generational engagement in activities

for enhancing development. These can include volunteering activities for young people such as teaching in schools, programmes for improving health and hygiene, and several others.

In summary, for small states to effectively leverage the untapped potential of their diasporas, it is essential to ensure that key prerequisites are in place. Only with the right foundations – such as strategic engagement frameworks, targeted investment tools and sufficient trust – can small states unlock tangible benefits from their diasporas that accelerate development and enhance economic resilience. In a world increasingly shaped by external uncertainties, looking inward and harnessing the strength of diaspora communities offers a powerful path forward for development finance.

**Note:**

The Commonwealth Secretariat has been involved in technical support for member countries, including small states, through researching, scoping and developing of policies and strategies for enhancing diaspora investments. The Secretariate continues to be readily available to support members countries with technical support and capacity building in this regard.

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