



Beyond Remittances; Sustainable Investment in Africa

Context:

In 2022, the African Diaspora Network (ADN) launched the **Beyond Remittances** initiative, now an integral part of our [five-year strategic plan](#). This plan aims to move beyond remittances by directly investing in emerging African startups across various sectors, including social innovation, product development, services, real estate, and infrastructure projects. By diversifying the types of capital flowing into Africa, the diaspora can drive exponential economic growth and create extensive employment opportunities.

Africans living outside of Africa have a significant impact on the continent through the personal remittances they send. In fact, these remittances are much larger than foreign direct investment and foreign aid. According to the [International Fund for Agricultural Development \(IFAD\)](#), migrant workers sent over \$95 billion in remittances to and within Africa in 2021, benefiting more than 200 million family members, most of whom live in rural areas. Nigeria alone received \$23.8 billion in remittances ([Didia & Tahir, 2021](#)), which is much higher than the \$2.4 billion in foreign direct investment it received in the same year ([UNCTDA, 2021](#)). Moreover, remittances from the African diaspora increased by 6.2% in 2021, as the [World Bank Group \(2021\)](#) reported. These statistics demonstrate the committed support of Africans in the diaspora toward the economic growth of their home continent.

However, while remittances are crucial, they face significant limitations. Sustainable funding is a challenge, and remittances can decrease the labor force and foster dependency, hindering economic growth ([Amuedo-Dorantes, 2014](#)). Additionally, sending money to Africa is costly, with sub-Saharan Africa being the most expensive region, averaging a total cost of 8.72 percent in the second quarter of 2021 ([World Bank Group, 2021](#)). There is an opportunity for African governments, multilateral organizations, financial institutions, and NGOs to collaborate and create an enabling ecosystem for financial innovation to reduce these costs.

Therefore, it is imperative to identify sustainable and effective means of engaging the African diaspora. Collaboration, capacity-building, and skill-sharing have significantly boosted the socioeconomic development of their home countries. Integrating diaspora engagement into policy development in African member states can stimulate increased investment, particularly through legislative measures related to investments.

For more information on the African Diaspora Network strategic plan and the Beyond Remittances, please visit our website at: www.Africandiasporanetwork.org