Article 01:

Somalia's Diaspora Dividend: POTENTIAL, BARRIERS, AND THE PATH TO MEANINGFUL ENGAGEMENT

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Generally speaking, the Somali diaspora has a significant impact on the local economy, politics, and means of subsistence. This is evident in financial support, where remittances account for approximately 16.7% of GDP. However, a lack of institutional investment frameworks, complicated clan relations, and high levels of insecurity prevent it from reaching its full potential. Funds support basic necessities, but their economic impact is frequently restricted to consumption rather than long-term, employment-generating industrial investment.

The Somali authorities have never made a conscious effort to utilise their diverse diaspora groups' contributions in local commerce, business, and social sectors such as healthcare and education. There are, however, other important reasons why Somalia struggles to leverage the benefits of the diaspora under both federal and federal member state governments, including security and stability concerns. Persistent insecurity, violence, and weak governance create high-risk environments that deter long-term financial investment by both foreign investors and returnees. Diaspora members find it challenging to invest safely due to restricted access to conventional banking and formal financial institutions, this is a constraint compounded by the lack of institutional infrastructure. Furthermore, communities may prioritise short-term financial assistance over long-term investment in infrastructure and local businesses, fostering a dependency culture that obstructs the development of local capacity and sustainable progress. Social and cultural barriers present another impediment, discouraging diaspora members from committing their lives and wealth to the country. Returnees frequently struggle to navigate local clan-based, patriarchal, and informal social structures, making it difficult to build trust and establish business partnerships particularly among those who emigrated at a young age or were born abroad (Berhanu K., 2019).

Political engagement and investment in the home country are both central dimensions of diaspora involvement in Somalia. Diaspora participation frequently concentrates on assuming ministerial positions and legislative seats at both the federal and state levels, a dynamic that can strain relationships with clan affiliates at home. Moreover, rather than investing in productive industries that benefit both local and diaspora populations, many returnees channel resources into real estate or immediate consumption, which can inflate local prices and land costs. As a result, the collective potential of the diaspora is often fragmented, disorganized, and dispersed, lacking a unified approach to national development.

Governmental institutions, whether at the federal or member state level, remain ill-equipped to establish bodies responsible for managing Somalia's foreign and international cooperation policy, such bodies needed to advance and safeguard Somalia's interests and support the broader foreign policy objectives of both tiers of government. Diaspora members willing to return home, provided their security is guaranteed, would undoubtedly welcome facilitative measures from the respective administrations. This, however, depends on both the Federal Government and Federal Member States appreciating the significance of diaspora return and investment in terms of raising living standards through job creation, education, and healthcare investment.

One thing that has been unmistakably clear since the collapse of the Somali state is that the Somali people have been recovering significantly with diaspora support both through remittances to immediate families and through the investments of returnees. Many Somalis living abroad enjoy the benefits of citizenship in their adopted countries. The vast majority are well integrated into their new societies and are contributing positively to both their adopted homes and to Somalia's recovery from prolonged civil conflict.

With that said, the pertinent question remains: how can the Somali people maximize the benefits of the diaspora? Achieving this requires a shift away from reliance on sporadic, ad hoc remittances and toward organized, institutionalized partnerships that harness diaspora networks, capital, and expertise for sustainable development. With nearly two million Somalis living abroad and remitting more than $1.5 billion annually, the focus must shift to reducing remittance costs, encouraging direct investment, and facilitating skills transfers (Heritage, 2024; SONA, 2023). This could be accomplished, among other measures, by establishing dedicated liaison offices – such as a Department of Diaspora Affairs – to coordinate such partnerships.

In the long run, the relationship between the diaspora and the home country is a complex one, with both constructive and problematic dimensions, but it is clear that the diaspora will continue to play a critical role in shaping Somalia's economic future. A notable source of tension exists between local political constituencies – organized along clan lines – who assert greater entitlement to political power on the basis of having endured the country's hardships across generations, and diaspora members who argue that their knowledge, skills, and resources position them to accelerate national recovery. This sensitive debate underscores the need for a mutually agreed framework for harmonious collaboration between the two groups, so that the country can fully harness the knowledge and resources the diaspora brings to Somalia's recovery and institution-building.

The Department of Diaspora Affairs (DODA) was established in 2013 within the Federal Government's Ministry of Foreign Affairs to support diaspora engagement and mobilization for national development. The department's primary mandate upon creation was to strategize around diaspora development efforts (MoFA, 2026), encompassing policy and coordination roles; the provision of services such as business advisory, investment facilitation, and support for returning migrants; and the organization of diaspora events both domestically and internationally.

It also ensures ease of access for returning Somalis, maintains diaspora desks at Somali missions worldwide to provide targeted assistance, and cultivates institutional relationships to support diaspora integration. Through these initiatives, the department aims to build a prosperous Somalia by leveraging the knowledge, assets, and commitment of its international diaspora community (MoFA, 2026).

Finally, a brief look at neighboring countries facing comparable circumstances – particularly Eritrea, Ethiopia, and Kenya – is instructive. Through the Kenya Diaspora Policy 2024 and the Kenya Diaspora Investment Strategy (2025–2030), the Government of Kenya has actively engaged its diaspora, with key strategies including simplifying remittance processes, digitalizing consular services, strengthening diaspora networks, and recruiting skilled professionals (Kenya Diaspora Policy, 2024). The Ethiopian government engages its diaspora systematically to attract foreign exchange, harness professional expertise, and drive economic development, employing policy frameworks, financial incentives, and dedicated institutions that recognize the diaspora as an essential development partner – particularly through investment and remittances (Chacko and Gebre, 2017). Lastly, given that one-third of Eritrea's population resides abroad and remittances constitute approximately one-third of the state budget, the Eritrean government has developed a sophisticated transnational mechanism to tap its diaspora for foreign currency, political consolidation, and regime stabilization. This system relies on a combination of compelled financial contributions whereby essential services such as passport renewal are conditional on tax compliance, patriotic appeals, and extensive surveillance (Hirt and Mohammad, 2018).

The Somali diaspora is large, financially active, and where conditions allow, they are willing to engage. What is missing is a structured, government-led framework that converts that willingness into measurable development outcomes. Concretely, the Federal Government should expand and fully resource DODA, elevating it beyond an administrative office into an operational investment facilitation body with a presence in the major diaspora hubs of the United Kingdom, United States, Canada, and the Gulf states. A formal Diaspora Investment Fund co-financed by the government and multilateral partners should be established to channel diaspora capital into priority sectors such as fisheries, agriculture, and manufacturing, with transparent governance structures that reduce perceived risk. Remittance transfer costs, currently among the highest in the region, must be brought down through regulatory reform and partnerships with fintech providers. Also, it is recommended that we create a national skills register of diaspora professionals to use in filling gaps in healthcare, education, engineering, and public administration. Finally, a structured dialogue platform should be instituted bringing together diaspora representatives, clan and community leaders, and government officials to address the political tensions that currently fragment diaspora engagement. None of these steps requires exceptional resources. What they require is political commitment and administrative follow-through wo things that, if demonstrated, would signal to the diaspora that Somalia is genuinely ready to receive what it has to offer.