



## Aid Cuts and the Diaspora: Strengthening Partnerships to Bridge the Gap

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### Summary

Cuts and reductions in international humanitarian aid, driven by shifting political priorities in major donor countries and an increasing number of displacements, are leaving hundreds of thousands of communities in the Global South at risk. The Somali Regional State in Ethiopia exemplifies the severe impact of these funding cuts, as vulnerable communities are now confronted with shrinking external support for basic needs.

In this context, diaspora groups and networks are a key source of support to their communities. Their contributions extend beyond individual remittances, encompassing collective emergency relief, and development support such as education, water and health for displaced and other crisis-affected people. This policy brief elaborates on the role of diaspora networks in leveraging home and host country community networks to fill the gaps in areas where aid and government services fall short.

However, despite their impact, diaspora groups face barriers to maximising their potential. Among these are a lack of enabling policy and institutional frameworks, complex state–diaspora relations, and a lack of formal structures among the diaspora networks. All this can limit the scope, effectiveness and capacities of diaspora support to communities back home. As a result, the following policy recommendations for the Ethiopian federal government and the government of the Somali Regional State, along with their development partners, are put forward in this brief to enhance the potential of the Ethiopian-Somali diaspora:

- Create enabling policy and institutional frameworks at regional and local levels that recognise and support the collective engagement of the diaspora with crisis response and recovery of vulnerable communities. This includes one-stop liaison units at the regional and local levels to minimise the bureaucracy and streamline diaspora contributions, incentivising diaspora-funded initiatives and ensuring inclusive consultations with the diaspora to ensure the effectiveness of these institutional and policy frameworks.
- Establish an umbrella association that represents the interests of the diaspora in the Somali Region and provides a range of supportive services to the diaspora that will enhance their engagements in emergency response, recovery and development.
- Facilitate exchange, partnerships and collaborations between diaspora-led and diaspora-supported associations and networks, national and local authorities, and international actors to maximise the reach and effectiveness of diaspora-led initiatives.
- Expand the evidence base on the various forms of collective support of the diaspora networks and associations to better understand the scale, impact and best practices for informing planning and programming to enhance diaspora support.

## Introduction

In recent months, major political decisions have sent shockwaves through the global humanitarian landscape. The US administration's aid cuts, alongside the reductions of humanitarian and development aid by the EU and several member states, and ongoing discussions about further decreases, have raised urgent questions about the future of international support and its impacts. These shifts come at a time when humanitarian needs continue to rise as 300 million people are in need of assistance in 72 countries (UNOCHA, 2024). This widening funding gap calls for urgent innovation in how humanitarian and development actors respond and collaborate with the various local actors, including the diaspora.

A diaspora is a community of people who, voluntarily or through forced migration, have moved away from their country of origin. Despite their geographic separation, the members of a diaspora maintain shared memory, identity and transnational connections with their homeland (Lacroix, 2024). Individual remittances sent by diaspora members to people in their place of origin have been the predominant form of diaspora support. However, advances in global communication and transportation since the 1990s has led to a proliferation of diaspora networks and to subsequent collective support directed towards community-level initiatives. Many states have since then started engaging the diaspora as development partners, and crafted policies and programmes to tap into the diaspora resources (Gamlen et al., 2019). At the same time, the humanitarian and development partners have also promoted collaborations with the diaspora through various projects to facilitate channelling diaspora resources to the development of their homelands (Faist & Fauser, 2011). More recently, diaspora networks have been key actors in responding to emergencies, such as the recent funding cuts and other crises, in their places of origin, oftentimes more effectively than the state and traditional humanitarian partners, whose responses tend to take longer.

The Somali Regional State in Ethiopia (henceforward referred to as the Somali Region) is home to various vulnerable groups, including 360,318 refugees, 1,093,745 internally displaced persons (IDPs) (UNHCR, 2025) and a larger population of mobile pastoralists whose lives depend heavily on livestock and the natural environment. Given the limited capacities of the regional state in Ethiopia and of international partners, diaspora networks have provided crucial emergency support and have funded development initiatives for the vulnerable communities. Based on semi-structured interviews conducted with the diaspora, local associations that operate through diaspora support, and local authorities in the Somali Region between September 2024 and March 2025, this policy brief highlights the important role of the diaspora in supporting vulnerable communities in the Somali Region and suggests ways to strengthen their contributions.

### **Box 1: A case in point: The Somali diaspora**

Given their global presence and the critical role they play in supporting families and communities back home, where weak state institutions often struggle to meet the basic needs of the population, the Somali diaspora is a particularly interesting case to examine. The Somali diaspora refers to ethnic Somalis who have migrated for different reasons from different countries in the Horn of Africa, including Somalia, Somaliland (a self-declared state), Djibouti, northeastern Kenya and Ethiopia's Somali Regional State.

The Ethiopian-Somali diaspora, which this policy brief focuses on, is a subgroup within this broader Somali diaspora, living across Africa (notably Kenya and South Africa), the Middle East, Europe and North America.

## **A vital humanitarian and development actor**

In the context of rising humanitarian needs, diaspora communities are a vital, yet underrated and not sufficiently recognised, force in humanitarian and development action. Their financial remittance contributions, at \$685 billion to low-

and middle-income countries in 2024, excluding significant amounts sent via informal channels, outpace both Foreign Direct Investment (FDI) and Official Development Assistance (ODA) combined (World Bank, 2024). In East African countries such as Somalia, remittances make up 35% of the country's GDP, nearly 40% of families' lifeline, and are the main source of investment in business (Nisar et al., 2018). In Ethiopia, over USD 6 billion was recorded in 2024 through formal channels, with actual figures likely double or higher due to widespread informal transfers, compared to the FDI of around USD 3.9 billion (UNCTAD, 2025) and declining ODA of around USD 2 billion in 2024.

However, diaspora support and engagement goes beyond the financial flows. Diaspora, individually and collectively, contribute through knowledge and skills transfer, business investments, political influences and philanthropic initiatives in their places of origin (Lacroix et al., 2016). Through transnational networks, diaspora mobilise quickly in response to crises, provide direct assistance, medical supplies, food and other essentials, while also supporting livelihoods, education and health care in contexts where the state is ineffective or is unable to provide services (DEMAC, 2021). Their advocacy efforts amplify the voices of affected communities, and their use of social media and transnational networks leads to a rapid response in times of crisis, in terms of fundraising and dissemination of information.

A particularly notable example of this collective support is diaspora humanitarianism (Hassan et al., 2021), where diaspora groups (formal and informal) provide transnational aid to communities in home countries that are sometimes difficult for traditional humanitarian and development organisations to reach. Their efforts, however, go beyond short-term humanitarian aid, supporting long-term development in their places of origin. Because diaspora groups are closely connected to the communities they support, they are trusted actors, understand local cultures and respond quickly and appropriately to people's needs (Gamlen & Chakma, 2025). Despite the vital role

the diaspora plays in supporting humanitarian and development efforts in their countries of origin, their contributions often lack coordination, and are geographically concentrated, primarily directed toward specific home towns or regions where their families, kinship networks or clans reside. A study by DEMAC (2021) found that Somali diaspora remittances are disproportionately directed to areas with established migration histories, pointing to the uneven spatial distribution of the Somali diaspora support. Somali diaspora remittances have also been associated with conflict (Van Hear & Cohen, 2017). In other instances, members of the Somali diaspora who supported the government political agenda used these connections to seize land, which they subsequently sold for profit (Thompson, 2025) instead of making a genuine investment in, or contribution to, their homeland.

Moreover, generational dynamics also influence diaspora engagement: first-generation migrants typically maintain stronger transnational ties and are more active in sending remittances, while second and third generations – despite having greater financial resources and professional capacities – often engage less directly (Bucerius et al., 2022). In response, some diaspora communities have started to involve younger generations in philanthropic and development efforts in order to sustain long-term transnational support. While diaspora remittances have been associated with increased household consumption, there is growing evidence that these funds are being used to support productive investments, including in human capital development and small-scale entrepreneurship (Ratha et al., 2011). Members of the Ethiopia-Somali diaspora have been seen to invest in businesses located in their region of origin, contributing to job creation and regional economic development (Muhumad & Abdella, 2021).

Diaspora support acts not only as a safety net but also as a potential driver of local development, but policy and development cooperation is needed to strengthen the positive aspects of such support.

## **Durable solutions through collective diaspora support**

In the Somali Region in Ethiopia, the majority of diaspora support for vulnerable communities occurs through informal or semi-formal channels. The support provided through such networks is often organised via kinship, neighbourhood groups and trans-local community networks, which ensure that assistance reaches those most in need. For instance, diaspora networks have been supporting their neighbours and vulnerable community members through construction of houses, job creation and support to their services, including education and health. These initiatives were implemented through local and trans-local groups and associations in places of origin that operate mainly through diaspora remittances. They have also collaborated with local and regional governments in the Somali Region in responding to various emergencies. For instance, during the 2022 drought response, diaspora networks worked alongside local and regional governments to distribute relief items in drought-affected areas in the Somali Region

The Ethiopian-Somali diaspora has also been active in supporting efforts to find durable solutions for forced migrants. Beyond providing direct assistance to displaced households, diaspora groups have facilitated the relocation and local integration of IDPs. In several other places in the Somali Region, diaspora networks provided relief and created jobs to help forced migrants to relocate or integrate locally and to rebuild their lives. These initiatives are typically organised through informal, community-based networks rooted in shared kinship and/or communities of origin.

In such a context, characterised by frequent droughts, displacements and limited state social protection, diaspora contributions have filled gaps in emergency responses and provided solutions for vulnerable communities. Their support is not limited to families, but they play a crucial role in providing collective drought and emergency responses such as food, shelter and water trucks.

Their collective support also extends to community development, including access to education and health services for many displaced and host populations. Their efforts have also helped improve livelihoods across the region through investment, job creation and human capital development, and have made a tangible contribution where government services and aid fall short.

## **Policy and institutional challenges to diaspora engagement**

Despite their important community contributions, there are several factors that limit the full effectiveness of the Ethiopian-Somali diaspora support. To begin with, there is no formal umbrella association or organisation representing the interests of the Ethiopian-Somali diaspora. Consequently, there exists a gap in structured guidance, in coordination both within themselves and with their partners, and in the support they receive for their collective efforts and engagement within the Somali Region. A formal umbrella association of the Ethiopian-Somali diaspora has the potential to improve the coordination of their effort and engagement in community protection initiatives.

Policy frameworks remain narrowly focused on economic contributions, while institutional inefficiencies and bureaucratic barriers constrain diaspora engagement in broader regional development. A major limiting factor has been the policy environment and institutional culture in the country. Although legal frameworks and dedicated institutions for diaspora have existed in Ethiopia since the early 2000s, their focus both at the national and sub-national levels has been on creating an enabling environment for the diaspora's economic contributions to the country. There has been little focus on the engagement of diaspora networks and associations in development. Bureaucratic inefficiencies hinder the process of accessing necessary documents such as the yellow card, which facilitates diaspora return and overall engagement.

Fragile relations with the regional state are further hindering diaspora activities. In the Somali Region, for instance, this relationship has shifted over time. From 2010 to 2018, the Somali Region's repressive administration engaged the diaspora primarily to undermine support for political opposition groups rather than to involve them in genuine community development efforts. Since 2018, however, the new administration has not actively blocked diaspora engagement in social protection (Muhumad & Thompson, 2024). Although this shift encouraged the participation of the diaspora in emergency responses and collective contributions to the vulnerable communities, relations are fragile, and contributions in such contexts can easily be disrupted by any change in the political climate of the region. Much of the contribution from the diaspora is bottom up, led and implemented by the diaspora and local community networks, and is therefore independent of government involvement. This often also means that it receives limited acknowledgment from regional state organs. To sustain and strengthen the significant contributions of the diaspora to the community well-being, a more open and supportive institutional environment is needed – one that recognises, documents and encourages the contributions of the diaspora, and creates possibilities for collaboration.

The lack of formal recognition and integration of diaspora networks within regional coordination mechanisms limits their capacity to contribute meaningfully to humanitarian and development outcomes. Diaspora contributions largely go unnoticed in coordination platforms for humanitarian and development partners in the region, mainly due to the informal nature of these networks of support. As a result, there is a lack of coordination, and limited understanding by the state and its partners of how the diaspora networks operate with the local associations or networks in the Somali Region. This leads to a lack of recognition and formal mechanisms for collaboration between diaspora associations, government, humanitarian and development actors. Diaspora groups are often not included in

the regional coordination systems. This limits their ability to scale up impact or align with broader development and emergency response strategies. Yet, where collaboration has been fostered, such as in projects that combine diaspora resources with those of international NGOs and local actors, the results have been transformative, creating jobs and improving livelihoods for vulnerable communities

Due to these challenges, diaspora networks run in parallel structures. There is a need and great potential to recognise their efforts, foster collaboration and create spaces where they can complement and coordinate with state authorities, humanitarian agencies and development partners.

## **Conclusion and policy implication**

In the context of aid cuts and a limited capacity for the state to provide protection to the entire population, diaspora groups can play a crucial role in emergency response, and can support the development of their communities of origin. The experiences from the Somali Region show how informal diaspora networks have contributed to the well-being and long-term development of vulnerable communities as well as to emergency response situations, including droughts, displacements and other disasters. However, despite the significant role played by the diaspora, the majority of these efforts are informal. They run in parallel structures and remain largely detached from the overall humanitarian and development efforts by international actors and state in the Somali Region. Creating a conducive environment to encourage diaspora support to communities in places of origin needs an understanding of how informal and collective diaspora networks operate in the context of the Somali Region, the identification of the limits of such an approach and the creation of a better structure.

### *Utilising the potential of the diaspora*

Both the governments of Ethiopia and of the Somali Regional State should:

- Minimise the bureaucratic barriers through improved institutional and policy frameworks, and encourage greater diaspora participation in humanitarian and development efforts through these institutional and policy frameworks. In particular, the Ethiopian Diaspora Service and Somali Region Investment and Industry Bureau, in collaboration with federal and regional stakeholders, should facilitate the process of obtaining yellow cards and other documents necessary to support diaspora engagement.
- Incentivise not only the economic contributions of the diaspora but also the engagement of diaspora networks in emergency response and development initiatives through co-funding diaspora led/supported community initiatives.
- Facilitate a dialogue platform where the regional government and diaspora can build trust and sustainable partnerships but also foster collaborative responses to emergencies and development. The platform should also serve as a space for the government to actively encourage and support diaspora engagement in various community protection efforts.

Humanitarian and development actors should:

- Encourage the process of establishing or formalising diaspora associations and networks so that there can be greater engagement of the expansive informal diaspora networks of support, along with better collaboration with international actors and the state.
- Take steps to strengthen and build partnerships with the existing diaspora networks. This could include understanding how these diaspora networks operate through trans-local

associations in the region, mapping the ongoing support (community projects for instance) of the diaspora and supporting their capacity to expand their efforts for the communities. This could be done through co-funding and organisational capacity building for diaspora and the trans-local networks and associations.

- Support further research on the existing types of diaspora support groups and local associations that are actively contributing to their communities, and on how their efforts could be encouraged and incentivised to maximise their support. This will improve understanding of how they operate and the best options for utilising their expertise and resources. It will also ensure that the wrong incentives are not set that could affect their efficiency.
- Encourage and support the trans-local community associations, such as voluntary and charity groups that operate through the diaspora support. This will open the doors to potential collaborations and partnerships with the diaspora-led or supported initiatives. It will also create a space for utilising the resources of their diaspora and trans-local networks for community development.
- Encourage and include diaspora groups or the trans-local associations that operate through diaspora support in emergency and development coordination platforms in the Somali Regional State.
- Create learning platforms that bring together various diaspora networks to facilitate exchange of best practices and experiences. These platforms should also involve donors, state actors, and diaspora groups themselves, allowing all stakeholders to learn from successful models and strengthen their collective impact.

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