

Mobilising diaspora capital for Sierra Leone's growth: A policy and market study

Joevas Asare



DIRECTED BY



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Diaspora Investment in Sierra Leone: The Current Landscape and Future Prospects

**By Joevas Asare
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Abstract:

As global development finance evolves, the Government of Sierra Leone has become increasingly deliberate about diversifying its revenue and investment sources and reducing dependency on external grants and aid.

Although at an early stage, a key component of this diversification strategy involves engaging the Sierra Leonean diaspora—not only as a source of productive capital but also as strategic partners with a shared interest in the country’s sustainable growth.

This report explores the current state of diaspora investment in Sierra Leone, highlighting how public sector engagement aligns with private sector opportunities. While the private sector presents significant potential, it also faces structural bottlenecks that diaspora investors are uniquely positioned to help overcome.

Using a qualitative approach, this exploratory study assesses the demand for and growth potential of diaspora investment in Sierra Leone. It provides a baseline understanding of the existing investment landscape and identifies future pathways for mobilising diaspora capital at scale in ways that can catalyse inclusive economic growth across Sierra Leone.

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Foreword:

It is with great pleasure that I write the foreword to this important report, which captures the growing potential for diaspora investment in Sierra Leone. I extend my sincere gratitude to the International Growth Centre (IGC) for funding this critical research, and to the team at ARK Group International Ltd for leading the consultation process and providing the strategic direction that shaped this work.

Diaspora investment is a national priority and a key pathway for private sector growth. It brings patient, risk-tolerant capital, along with skills, market linkages, governance and know-how, which are all essential ingredients for scaling up MSMEs and supporting export readiness. Diaspora investment can play a crucial role in stabilising foreign exchange through formal investment channels and diversifying the economy beyond minerals. Its potential extends to job creation, particularly in high-impact sectors such as rice cultivation, poultry, fisheries, construction, and ICT services, while also driving productivity, technological transfer, and higher operational standards.

This report provides valuable insights into the current demand side of diaspora investment. The next step now lies with the wider ecosystem—to build on this foundation and design mechanisms that work for Sierra Leone's diverse diaspora, enabling them to become effective and trusted partners in our nation's growth journey.

We see this work as a starting point for building a more robust understanding of diaspora investment. This evidence base can inform national planning priorities and enhance resource mobilisation strategies, including contributions to the Government of Sierra Leone's Integrated National Financing Framework (INFF). Specifically, the INFF promotes the diversification of financing sources, operationalises blended finance and de-risking instruments, and strengthens domestic revenue mobilisation by formalising financial flows, which are all areas in which diaspora investment can play a cross-cutting role.

However, to make progress, we must strengthen our understanding of the supply side of diaspora investment. While there is clear evidence of strong appetite and ongoing engagement from the diaspora, the data and evidence base remain limited. Without this, it is difficult to design effective, targeted initiatives. We therefore urge our partners to join us in deepening the evidence base and exploring the recommendations presented in this report.

A key next step is to develop a comprehensive profile of the Sierra Leonean diaspora, to understand their capacity to invest, sectors of interest, and perceived bottlenecks. This evidence base will enable us to guide pipeline project development in priority value chains, including Feed Salone agribusiness, light manufacturing, and the digital economy. It will also allow us to better assess financing potential and align targets with the Medium-Term National Development Plan (MTNDP) Results Framework, annual budgets, and investment climate reforms. Within the MTNDP, diaspora investment can contribute to identifying alternative channels for capital mobilisation, particularly into agro-processing, solar-cold chain systems, industrialisation, and SME upgrading.

Forming this evidence base will help clarify who is investing from the diaspora and through which channels—whether remittances, MSME equity, real estate, or philanthropy—and to identify key binding constraints, including FX risks, trust deficits, and limited deal flow.

Our ambition is to see diaspora investment evolve from ad-hoc engagement to structured capital flows, through instruments such as diaspora bonds, pooled funds, guarantees, and angel or VC syndicates, all aligned with national priorities. These structures not only enable direct investment but also unlock co-financing from banks, DFIs, and philanthropic sources by providing credible data and de-risking mechanisms. In addition, targeted financing vehicles, for example, women- and youth-focused funds could help distribute the benefits of diaspora investment beyond Freetown, driving growth in other economic clusters across Sierra Leone.

We also recognise that real progress requires strong partnerships and collaboration. The role of government is to set policy direction and an enabling environment, while the private sector executes. Diaspora investors are an integral part to this process, adding value by de-risking ventures, providing technical assistance, and opening pathways for capital, market access, and talent to flow into Sierra Leone.

Looking ahead, technology-enabled joint platforms can further reduce transaction costs, enhance due diligence, and strengthen standards and compliance, which are all key ingredients for improving bankability and investor confidence.

This report comes at a timely and critical moment. As Official Development Assistance (ODA) tightens while financing needs continue to rise, Sierra Leone must mobilise new and scalable capital sources. This study helps replace anecdotal narratives with evidence-based insights, laying the groundwork for stronger data collection on investment volumes, instruments, and barriers. It provides a practical roadmap to guide the development of an investable pipeline, supportive reforms, and the governance structures necessary to build trust with diaspora and confidence in diaspora investment.

Our message to development partners and DFIs is clear: partner with us to de-risk and scale diaspora capital through blended facilities, first-loss tranches, and technical assistance. Together, we can convert proven remittance flows into productive investments, at pace and scale.

Finally, to our diaspora community, you are strategic co-architects of Sierra Leone's transformation. We are committed to creating clear investment pipelines, stronger protections (including FX, partial risk guarantees, and credit enhancements), and a dedicated diaspora investor window, so that your capital not only achieves competitive returns but also delivers measurable and lasting impact for the nation you call home.

Dr. Sheka Bangura, PhD

Director of Planning, Policy and Research

Ministry of Planning and Economic Development, Sierra Leone

Executive Summary:

This report represents an effort to build understanding of the demand side of diaspora investment in Sierra Leone. In a fast-changing development finance landscape, with pressure on domestic resource mobilisation, the diaspora presents a source of not only investment, but also technical expertise, market access, and perspectives that can accelerate growth.

The Sierra Leonean diaspora is uniquely positioned: driven by an emotional and patriotic connection to their country of origin, many seek to ensure their financial capital contributes meaningfully to Sierra Leone's long-term growth priorities. Yet, several bottlenecks limit the realisation of this potential, including:

- Limited trust systems and investment vehicles, which constrain the diaspora's ability to invest confidently through well-governed and transparent structures.
- Weak data and evidence base, particularly around who the diaspora are, their investment interests, and willingness and capacity to invest—making targeted engagement difficult.
- Macroeconomic challenges, including exchange-rate volatility and domestic market uncertainty.
- Lack of formal legal definitions and policy frameworks that explicitly define and guide diaspora engagement.

This report draws on consultations with leaders across public institutions, the private sector, and development partners in Sierra Leone. The consultations were designed to build a baseline understanding of the current demand for diaspora investment.

The findings clearly indicate a strong appetite for diaspora investment. However, to translate this appetite into tangible progress, trust and systems must be built so that diaspora investment evolves from a series of ad-hoc, individual efforts into a structured ecosystem. This will allow the diaspora to confidently deploy capital and expertise toward Sierra Leone's growth priorities.

Across consultations, the diaspora was viewed as long-term partners, not short-term benefactors. Their role extends beyond financial investment to include skills, governance know-how, and global market linkages. At the same time, participants noted the importance of mutual accountability, ensuring that diaspora engagement remains neutral, transparent, and non-political, while contributing value to national growth.

The report synthesises insights across three interconnected perspectives:

1. Public Sector Perspective – examining policy priorities, institutional readiness, and the enabling environment for diaspora investment.
2. Private Sector Perspective – analysing existing examples, bankability of ventures, and how diaspora capital, and technical assistance can strengthen enterprise growth.
3. Development Partner Perspective – exploring development partners' interest in supporting diaspora investment, and their recognition of the need to build the evidence base and pilot practical initiatives.

This report contributes to the foundation-building efforts to harness productive, scalable diaspora investment for Sierra Leone. While exploratory rather than conclusive, it identifies seven key areas for next steps, which together form the building blocks for progress:

1. Formalise a National Definition of “Diaspora”
2. Establish a Dedicated Institutional Mechanism for Diaspora Affairs
3. Develop a National Policy for Diaspora Investment and Engagement
4. Map and Build a Comprehensive Database of the Sierra Leonean Diaspora
5. Develop Trusted Financial Products and Intermediary Vehicles
6. Strengthen Conditions for Returnee Entrepreneurs
7. Harness Diaspora Technical Expertise and Networks

This report is designed as a strategic starting point, to inform action, guide policy design, and encourage collaboration across the ecosystem. The hope is that the momentum reflected in these consultations translates into concrete next steps that enable diaspora investment to flourish as a trusted, long-term engine of Sierra Leone’s growth.

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Introduction:

Sierra Leone is a country of vast opportunities (see Box 1). It is richly endowed with natural resources and has demonstrated a remarkable resilience, weathering multiple global and regional crises over the years.

However, the country's history is also marked by a devastating civil war which, despite ending more than two decades ago, continues to influence how foreign investors perceive risk. These perceptions often overshadow Sierra Leone's progress and potential. Yet, for those with personal ties to the country—particularly members of the diaspora—the sense of risk may be interpreted differently. Their connection offers a stronger foundation for managing investment challenges and structuring productive partnerships.

The war displaced approximately 2.5 million people from a population of around 5 million at the time. Many of those who fled during the conflict, as well as those who migrated before and after for economic reasons, now form the core of Sierra Leone's modern diaspora. The Sierra Leonean diaspora is significant in scale and concentrated primarily in the United Kingdom, United States, and West African neighbours.

Despite physical distance, many members of the diaspora maintain a strong emotional and patriotic connection to Sierra Leone. Over the years, they have played a critical role in supporting the country through remittances, humanitarian aid, and post-war reconstruction efforts. Increasingly, the diaspora are also contributing to private sector growth through investment, entrepreneurship, and knowledge transfer.

The underlying hypothesis of this exploratory study is that Sierra Leone's diaspora represents an underutilised asset with substantial potential to drive national growth. The domestic demand for diaspora investment is high, but to fully absorb and scale such capital, the country requires well-organised investment vehicles, governance mechanisms, and institutional frameworks that channel diaspora resources into long-term, productive growth.

This report aims to establish a baseline understanding of the current demand side of diaspora investment in Sierra Leone. It is exploratory rather than exhaustive or conclusive, but seeks to present a coherent picture of current dynamics within the investment ecosystem. The findings are intended to inform future strategies and actions that can mobilise diaspora capital more effectively, unlocking its potential as a catalyst for private sector development.

This report is designed for the broad investment ecosystem in Sierra Leone—including policymakers, investors, development partners, and diaspora networks. The goal is to stimulate next steps—initiatives, research, and practical structures—that will enable diaspora investment to play a more strategic role in strengthening Sierra Leone's private sector and economic growth.

This report is organised into three main sections. The first outlines the context and approach that underpins the study. The second provides a snapshot of the current state of diaspora investment in Sierra Leone, highlighting emerging insights, challenges, and opportunities. The final section presents a conclusion, strategic direction and recommended pathways for the way forward, drawing on evidence and insights from the consultations conducted.

Across all sections, the report integrates perspectives from the public sector, private sector, and development partners who participated in the consultation process. Together, these viewpoints provide a comprehensive picture of the demand side of diaspora investment in Sierra Leone—how it currently operates, where the gaps lie, and what is needed to unlock its full potential.

Box 1: Sierra Leone’s economic growth snapshot

Sierra Leone is a tropical West African nation of approximately 8.8 million people, endowed with rich natural resources and a resilient economy. While classified as a *Least Developed Country*, Sierra Leone continues to demonstrate steady progress toward economic stability and growth.

Since 2021, GDP growth has remained above 5% annually, surpassing pre-pandemic levels by 2023¹, reflecting strong post-crisis recovery momentum. Agriculture remains the backbone of the economy—contributing around 60% of GDP and employing 43% of the workforce in 2022. However, the services sector is expanding rapidly, now accounting for 29% of GDP and 45% of employment, while the industrial sector, though smaller, is gradually growing, representing 7% of GDP and 12% of employment in the same period.²

With regards to governance and institutional performance, Sierra Leone scored 53/100 in the 2023 Mo Ibrahim Index of African Governance, ranking above the regional average across key dimensions such as *economic opportunity, rule of law, inclusion, and human development*. The country also ranked 144 out of 180 in the 2024 Corruption Perceptions Index³, with continued efforts to strengthen transparency, accountability, and public-sector reforms.

¹ World Bank Group Data, GDP growth (annual %) – Sierra Leone, <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=SL>.

² African Development Bank, Country Diagnostic Note Sierra Leone, February 2024, https://www.afdb.org/sites/default/files/documents/projects-and-operations/sierra_leone_-_december_2024.pdf.

³ Mo Ibrahim Foundation, Sierra Leone, 2023 <https://iiag.online/locations/sl.html>.

Section 1: Context and Approach

This section outlines the approach and analytical framework used to conduct the study. It sets out the definitions that guide how diaspora investment is understood and considers the existing research and evidence base on which this work builds. Together, these elements establish the conceptual and methodological foundation for analysing the current demand-side dynamics of diaspora investment in Sierra Leone.

1.1 Methodology:

This research was designed as an exploratory study aimed at generating a baseline understanding of the demand for diaspora investment in Sierra Leone. Given the limited availability of data on this topic, a qualitative approach was adopted as the most effective means of exploring perspectives across key stakeholder groups.

A total of 40 leaders across 30 institutions were interviewed, representing Sierra Leone's public sector, private sector, and development partners. Each consultation lasted between 1 and 1.5 hours, with the majority conducted in-person in Freetown, at the offices of the respective key informants.

The interviews were conducted by [Joevas Asare](#) (Managing Director, ARK Group International), who served as the Principal Investigator, and [Radhika Sanyal](#) (Deputy Director, ARK Group International), who served as Research Assistant.

Each consultation followed a structured, yet flexible framework built around four key components:

1. **Understanding:** At the outset, interviewers ensured that each key informant had a clear understanding of the project's purpose — namely, to add value to the ecosystem by painting a picture of the current demand side for diaspora investment. This was communicated through formal invitation letters and reiterated in person at the start of each consultation.

Participants were also informed that all responses would remain anonymous, fostering an open, and honest dialogue. With permission, interviews were audio-recorded to support accurate analysis during the write-up stage.

2. **Questions:** Each consultation was guided by a set of pre-shared questions (see Box 2). These served as a framework rather than a rigid script. Interviewers emphasised that discussions would remain free-flowing, allowing for flexibility and follow-up questions beyond the initial prompts.

The emphasis was on drawing out each key informant's perspectives and experiences. Interviewers adopted a facilitative style — listening actively, posing open-ended questions, and offering minimal personal commentary — to create a comfortable environment that encouraged thoughtful contributions.

3. **Introductions:** A network-based approach was used to identify and connect with key informants. Initial participants were drawn from existing professional networks.

Many key informants also recommended additional individuals from their networks who could add value to the study. At the end of each consultation, interviewers asked participants for introductions to others they thought should be included in the consultations.

This chain-referral method resulted in many warm introductions and a strong willingness to engage — particularly among public sector stakeholders, who expressed strong enthusiasm for discussing the theme of diaspora investment. The number of consultations was limited by the two-week consultation window in Sierra Leone, though many more potential participants expressed interest in contributing.

4. Dissemination: At the end of each consultation - dissemination and follow-up was also mentioned. Participants were informed that the primary output would be this report, but that the intention was for the findings to catalyse tangible progress beyond the publication.

This approach was well received, and there was broad consensus on the value of transforming the report's insights into initiatives and actionable next steps to strengthen structured diaspora investment flows into Sierra Leone.

Many participants expressed willingness to remain engaged and co-create subsequent initiatives, ensuring that this research serves as a starting point for ongoing collaboration and practical implementation for the ecosystem.

This consultation framework was consistently applied across all interviews, ensuring a coherent process, whilst gathering insights from a diverse set of stakeholders.

Box 2: Interview questions

1. In your view, what role can the diaspora play in providing investment capital within Sierra Leone?
2. What current efforts or demand have you observed within your sector—or more broadly— to attract and incentivise diaspora investment?
3. How would you describe the current policy environment and institutional readiness for engaging diaspora investors? Are there any existing policies or strategies that explicitly address this?
4. Do you see any distinct trends in approach and value offered by the UK-Africa diaspora, compared to diaspora based in other regions (e.g., North America, Europe)?
5. Do you have any thoughts on the definition of diaspora? We apply a global view, were, for example, a Ghanaian-UK diaspora may have interest in investing in Sierra Leone—not only those with direct national heritage.
6. Which sectors within the private sector do you believe offer the most potential to effectively absorb diaspora capital? Where such investment is already flowing, could you share how it is being channelled and into which areas?
7. What do you believe are the main barriers preventing the diaspora from investing in Sierra Leone?
8. Are there specific reforms or actions Sierra Leone should prioritise to strengthen the enabling environment for diaspora investment?
9. Are there any relevant examples, case studies, policies, or reference documents you recommend we explore further?

1.2 Defining diaspora investment:

The definition of diaspora investment underpins the report. To illustrate this, it is important to first breakdown the perspective with regards to the definition of diaspora broadly. We can then focus on the functions of the diaspora as investors.

1.2.1 Who Are the Sierra Leonean Diaspora?

The Government of Sierra Leone has not yet formalised a legally binding definition of diaspora. However, during consultations, a shared understanding emerged among policymakers and stakeholders regarding the main groups that constitute Sierra Leone's diaspora community. Broadly, two categories were most commonly recognised:

1. Diaspora with direct heritage connections to Sierra Leone – including dual citizens, returnees, migrants, and descendants of migrants who maintain family, cultural, or economic ties to the country.
2. DNA diaspora – typically African Americans who have traced their ancestry to Sierra Leone through DNA testing and have since engaged with the country through cultural engagement, investment, or citizenship initiatives.

In addition to these groups, government officials consistently expressed a pan-African view of diaspora, considering individuals of broader African ancestry—even beyond Sierra Leonean lineage—as part of a wider community they are keen to engage with.

This aligns with the African Union definition of diaspora “The African Diaspora consists of people of African origin living outside the continent, irrespective of their citizenship, who are willing to contribute to the development of Africa” - (AU Executive Council, 2005).⁴

While there is no formal policy framework defining these groups, the Government of Sierra Leone has shown consistent interest in engaging its diaspora. Previously, engagement was led by a dedicated Diaspora Desk, now a smaller and less visible unit within the Ministry of Foreign Affairs. The government has also launched the African Diaspora Accession Programme, which allows individuals who can demonstrate Sierra Leonean lineage through DNA testing or certified ancestry to apply for Sierra Leonean citizenship.

Academic and policy research similarly defines diaspora as “migrants or descendants of migrants whose identity and sense of belonging—whether real or symbolic—have been shaped by their migration experience and background”⁵. This aligns closely with the understanding observed across Sierra Leone's government and development institutions.

⁴African Union Executive Council (2005). *Decision on the Definition of the African Diaspora (EX.CL/Dec.221(VII))*. Seventh Ordinary Session, 28 June – 2 July 2005, Sirte, Libya. Addis Ababa: African Union.

⁵Global Knowledge Partnership on Migration and Development (KNOMAD). (2023, September). *GDI Briefs: Diaspora* https://www.migrationdataportal.org/sites/g/files/tmzbd1251/files/2023-09/GDI%20Briefs_Diaspora_.pdf

For the purpose of this study, we adopt the above definition of diaspora, with a particular emphasis on individuals with established Sierra Leonean heritage—whether migrants themselves or descendants of migrants, with a direct tie to Sierra Leone.

However, it is also important to recognise that the diaspora is diverse, dynamic and heterogeneous. Even within this broad definition, there is a clear need to segment and analyse the supply side of the Sierra Leonean diaspora in greater depth to enable more targeted engagement and investment mobilisation.

There is also a need for the government of Sierra Leone to formally define their definition of diaspora, as a way to establish clarity and consistency across policy design, data collection and diaspora engagement (see box 3).

Box 3: The Benefits of Formally Defining the Diaspora – A Look at Ghana

In Ghana, as in many other countries, there remains a lack of comprehensive data distinguishing diaspora investment from broader foreign investment. However, Ghana has made significant progress in organising diaspora investment flows by institutionalising its engagement structures. A key step was the establishment of a dedicated Diaspora Desk within the Ghana Investment Promotion Centre (GIPC)—the country’s principal *one-stop shop* for inward investment and the facilitating arm of government for investors.

This institutional mechanism is underpinned by Ghana’s formal definition of the diaspora, confirmed in national policy and legal frameworks. This clear definition enables Ghana to differentiate diaspora investors from foreign and domestic investors, allowing tailored support through its investment facilitation infrastructure.

Having an agreed, nationally recognised definition offers tangible benefits—particularly in data collection, policy coordination, and trust-building. Over time, it also allows for more robust measurement of diaspora investment beyond traditional proxies such as remittances.

Key benefits of a clear national definition include:

- **Strategic clarity and inclusion:** It establishes exactly who is recognised as part of the diaspora, ensuring policy coherence and avoiding ambiguity in programme design and communication.
- **Data and evidence:** A clear definition enables the government to collect, segment, and analyse diaspora-specific data, supporting the creation of registries, mapping tools, and surveys critical for effective engagement. For example, Ghana’s diaspora database provides a comprehensive listing of Ghanaians abroad, facilitating targeted outreach.
- **Policy coordination:** A shared definition provides a common framework for inter-ministerial collaboration, aligning the design and implementation of policies.
- **Strengthened credibility:** Countries with a formal diaspora definition are better positioned to engage with *regional and global initiatives* (such as those led by the African Union, IOM, and the Global Compact for Migration), signalling a clear national strategy and commitment.
- **Enhanced trust:** A transparent definition helps build confidence among diaspora

communities, demonstrating that the government recognises them as legitimate stakeholders in national development. This recognition strengthens ties.

1.2.2 Data and Distribution:

Across the consultations, there was broad consensus that no comprehensive or centralised database currently exists to document the size, composition, or global distribution of the Sierra Leonean diaspora. Stakeholders consistently noted that while the diaspora are known to be extensive, there remains a limited understanding of where they are located and how best to segment and target them for more strategic investment mobilisation.

Based on settlement patterns and transnational networks, the Sierra Leonean diaspora are largely concentrated in:

- The United Kingdom – particularly in London, Reading, and Manchester;
- The United States – notably in Maryland, New Jersey, and Texas; and
- Neighbouring West African countries – including Guinea, Liberia, and The Gambia.

However, it is widely recognised that the diaspora population extends far beyond these primary hubs, reaching into other parts of Europe, North America, and Africa.

Engagement efforts to date have largely focused on diaspora hubs such as London and New Jersey, with less systematic outreach in the wider West African region. While these broad engagements have built visibility, stakeholders emphasised the need for a deeper, data-driven understanding of the “supply side” of diaspora investment — including their demographics, sectors of interest, and investment capacity — to enable more targeted and effective engagement.

At present, there is no single authoritative dataset on Sierra Leone’s diaspora. Instead, varying data is drawn from multiple sources — including UN DESA migration data, World Bank remittance studies, IOM diaspora mapping reports, and academic research. There is an urgent need for systematic data collection, and analysis on diaspora investors to support strategic diaspora engagement.

1.2.3 Types of Diaspora Investment

Although diaspora investment has been taking place in Sierra Leone for many years in various forms and scales, it remains under-researched globally. There is limited structured data on the scale, impact, or returns of diaspora investment—both across Africa and within Sierra Leone specifically. As a result, the most widely used proxy indicator for the potential of diaspora investment is the level of remittance inflows, which has an existing body of established research.

In Sierra Leone, remittances account for approximately 5.1% of GDP, representing around US\$321 million in personal transfers (World Bank, 2023).⁶

While remittance data provides a useful starting point for estimating the diaspora financial capacity, it is not a reliable measure of diaspora investment itself. Remittances differ fundamentally from diaspora investment (see Box 4). Recognising these distinctions is crucial for establishing systems that can specifically measure the volume and developmental contribution of diaspora investment—an essential foundation for designing policies that promote growth.

Across the consultations conducted for this study, there was broad optimism that the scale of remittances, combined with the size and engagement of the Sierra Leonean diaspora, indicates strong potential for significant levels of diaspora investment.

However, this potential is not yet supported by robust evidence or systematic data. As such, diaspora investment remains of high priority across government and the wider ecosystem, but under-explored and poorly documented, which limits the ability to draw firm conclusions about its current scale and economic impact. Building a better understanding of the diaspora and the data profiles of diaspora investors would help guide an effective way forward.

Box 4: The Difference Between Remittances and Diaspora Investment

Diaspora finance generally takes two primary forms: i) Remittances – interpersonal financial transfers from migrants to individuals or households in their countries of origin; and ii) Diaspora investment – asset-producing financial instruments through which diaspora members and their descendants can invest in enterprises, property, or institutions in their home countries (*ODI Global, 2021*).⁷

While remittances have been widely documented—with annual global flows now surpassing both Official Development Assistance (ODA) and Foreign Direct Investment (FDI) in many developing countries—diaspora investment represents a distinctly different type of financial engagement. The key distinctions between diaspora investment and remittances include:

1. Monetary value flows:
 - *Diaspora investment* is a two-way exchange, where capital is provided with the expectation of a return—financial or developmental—creating reciprocal value between investor and recipient.
 - *Remittances* are one-way transfers, typically sent from an individual abroad to support family or household consumption.
2. Legal identities
 - *Diaspora investment* involves distinct legal and financial identities: the investor receives an asset or financial instrument that yields future returns, producing balance-sheet changes for both parties.
 - *Remittances* do not create such legal or financial differentiation; they are non-contractual transfers with no obligation or expectation of return.
3. Type of Recipient

⁶World Bank (2023). *Personal remittances, received (current US\$) – Sierra Leone*. Available at: <https://data.worldbank.org/indicator/BX.TRF.PWKR.CD.DT?locations=SL>

⁷Gelb, S. (2021). *Diaspora Finance for Development: From Remittances to Investment*. Available at: <https://odi.org/en/publications/diaspora-finance-for-development-from-remittances-to-investment/>

- *Diaspora investment* can flow to business enterprises, cooperatives, government entities, or development projects, supporting productive sectors rather than immediate consumption.
 - *Remittances* are directed primarily to households or individuals.
4. Nature of Relationships
- *Diaspora investment* can be impersonal or institutional, with linkages taking multiple forms—many-to-one, one-to-many, or many-to-many.
 - *Remittances* rely on personal, one-to-one relationships between sender and receiver.

In short, while remittances play a crucial role as an informal safety net, diaspora investment is inherently developmental and wealth-creating, serving as a pathway for channelling diaspora resources into Sierra Leone's long-term economic growth

From the consultations conducted for this study, two main types of diaspora profiles were identified as currently taking place in Sierra Leone.

1. **The Returnee Investor:** This group largely comprises the U.S.-based DNA diaspora and other Sierra Leoneans abroad who have chosen to relocate and invest directly in the country. These investors typically establish and operate their own businesses, maintaining full control over implementation and growth. This group can also include diaspora that return to set up business for a given period of time and then visit frequently without becoming a permanent resident.

The source of capital for these ventures generally comes from personal savings and, in some cases, from crowding in additional investors within their personal networks. The profiles differ heavily, and some are experienced entrepreneurs, whilst others are starting their first venture in Sierra Leone. While this form of investment reflects strong commitment and long-term interest in Sierra Leone's development, it was also revealed that returnee investors face significant challenges relating to the underlying socio-economic environment in Sierra Leone, as well as the ease of doing business, regulatory frameworks and infrastructure, including human and physical capital.

The key barriers include limited access to quality healthcare, education, and basic infrastructure, which make relocation difficult—particularly for female returnees and those with families. These conditions contribute to a smaller number of returnee investors than might otherwise be possible if the enabling environment conditions were stronger.

2. **The Passive Investor:** This group consists of diaspora investors who engage remotely, typically through existing relationships or joint ventures, without being physically based in Sierra Leone. These investments, seen as retail investment, often rely on trusted personal networks and are made on an ad-hoc basis, rather than through formal intermediaries or structured investment vehicles.

Consultations highlighted that the “burn rate”—or the likelihood of financial loss—is relatively high for this form of investment in Sierra Leone. The absence of intermediaries and investment platforms, means there are limited mechanisms for transparent governance, which increases the level of risk exposure. As a result, many

passive investments occur within closed networks, without systematic due diligence or formal post-investment management.

Beyond financial investment, the study also identified a growing trend of technical contributions from diaspora professionals. These individuals often provide expertise, mentorship, and investment readiness and proposal development support prior to, or in place of, financial investment.

In addition, several respondents expressed a strong appetite for structured investment opportunities, such as diaspora-targeted government bonds or collective investment vehicles. However, these instruments are not yet available in Sierra Leone. Consequently, most diaspora investment currently takes place through informal and fragmented channels, either via individual returnees establishing businesses or passive investors engaging through ad hoc partnerships—both of which carry higher exposure to risk and inconsistent returns.

In all of the above forms of investment, it was not possible to clearly identify the specific investment mechanisms being used—such as whether capital was deployed through debt, equity, or hybrid instruments. This gap largely reflects the ad hoc and informal nature through which most diaspora investment currently occurs in Sierra Leone. Further research is needed to better understand these mechanisms and their implications.

A consistent theme that emerged from the consultations, however, was the concern over exit risks. These risks make debt and hybrid instruments theoretically more attractive to diaspora investors, as they offer clearer repayment or return structures. In contrast, equity-based investments are perceived as riskier because returns are less predictable—particularly in an environment where there is no secondary market for trading shares and where companies are unlikely to reach IPO stage.

However, this finding is not conclusive, as it does not fully capture the broader motivations that drive diaspora investors. While most seek financial returns, many also demonstrate a strong patriotic commitment—preferring their investments to have a visible and lasting development impact (for example, being able to say “*my investment helped build this solar mini-grid*”). This dual motivation of profit and purpose is a defining characteristic of diaspora investment and should be recognised in the design of instruments.

1.3 Policy Evolution and Literature:

Sierra Leone does not yet have a dedicated policy framework for diaspora investment or engagement. However, a growing number of conversations and institutional efforts indicate a shift towards more intentional mobilisation of diaspora investment in Sierra Leone.

Insights from the consultation process revealed a strong appetite for developing a coherent policy direction on diaspora investment across nearly all public sector partners engaged. At present, these discussions remain policy considerations rather than formal policy, as the government has not yet articulated an official stance or strategy defining how diaspora investment should be promoted, supported, or regulated.

Despite the absence of a dedicated policy, it is important to recognise both:

- A) the policy evolution, which reflects the institutional interest in diaspora engagement that has emerged over the years; and
- B) the existing research and evidence base on diaspora investment. These earlier studies provide an important foundation for this report and any future efforts to design structured mechanisms for mobilising diaspora investment in Sierra Leone.

1.3.1 Policy Evolution:

Although Sierra Leone does not yet have a dedicated diaspora engagement policy—and, to our understanding, has not previously had one—the country has developed a series of policies that demonstrate a commitment to engaging its diaspora. Broadly, these can be seen as progressing through four key policy phases, each reflecting recognition of the diaspora’s potential role in national development.

1. **National Labour Migration Policy of the Republic of Sierra Leone (2017)**⁸: In 2017, the Immigration Department of the Ministry of Internal Affairs drafted the National Labour Migration Policy, structured around three main pillars that included specific focus on the diaspora. The policy emphasised:
 - Increasing the flow of remittances and reducing barriers to their transfer.
 - Supporting the portability of social security rights, allowing members of the diaspora to move pensions from their country of residence to Sierra Leone.
 - Promoting foreign direct investment (FDI) opportunities for diaspora.

This marked one of the earliest attempts to link migration governance with diaspora investment and development outcomes.

2. **Medium-Term National Development Plan (2019–2023)**⁹: The five-year national strategy for 2019–2023 aimed to propel Sierra Leone toward middle-income country status, and it explicitly recognised the diaspora as a key non-traditional financing source. The plan outlined the potential role of the diaspora across several areas, including:
 - Remittances – reviewing the tax on remittances and reducing transfer costs to harness diaspora inflows, with a particular focus on increased spending in education and health.
 - Skills and knowledge transfer – recognising the diaspora’s potential to contribute specialised expertise, particularly in health and finance.
 - Trade and investment – encouraging diaspora participation in the private sector through mechanisms such as:

⁸Government of Sierra Leone. (2017). *National Labour Migration Policy*. Available at: <https://acbc.iom.int/sites/g/files/tmzbd1441/files/Legislation/POLICIES/Sierra%20leone/National-Labour-Migration-Policy.pdf>

⁹ Government of Sierra Leone. (2019). *Sierra Leone’s Medium-Term National Development Plan (2019–2023). Volume I*. Freetown: Ministry of Planning and Economic Development. Available at: <https://www.social-protection.org/gimi/qess/ShowResource.action?id=57691>

- the establishment of diaspora bank accounts,
- the relaxation of capital controls for diaspora businesses,
- the creation of a diaspora bond to raise up to £500 million for development projects, and
- the establishment of a one-stop shop for diaspora investment.

This plan positioned the diaspora not only as a source of remittances but as a strategic partner in private-sector development and investment mobilisation.

3. National Migration Policy (2022)¹⁰: The 2022 National Migration Policy sought to create a stronger nexus between migration and development, underlining the need for an institutional framework to organise and sustain diaspora engagement. It proposed several key measures, including:

- Mechanisms for portability of social security benefits for Sierra Leoneans abroad.
- Leveraging remittances for development by reducing transfer costs through financial reforms.
- Creating a diaspora database to map global skills and presence.
- Programmes to attract highly skilled Sierra Leoneans back home and facilitate their re-engagement in priority sectors.
- Engaging the diaspora through diplomatic missions to encourage investment and remittance flows.
- Providing incentives such as tailored retirement benefits and special financial instruments at the Bank of Sierra Leone to encourage investment.
- Developing rules and procedures to protect diaspora investments.

This policy marked an evolution in Sierra Leone’s approach—moving from recognition to a more structured agenda for diaspora engagement and investment facilitation.

4. Medium-Term National Development Plan (2024–2030)¹¹: The most recent Medium-Term National Development Plan (2024–2030) serves as Sierra Leone’s updated national strategy. While the plan contains fewer direct references to the diaspora than its predecessor, it incorporates diaspora engagement within the migration management and employment context.

The plan also emphasises the need to leverage non-traditional financing sources and strengthen cross-border partnerships, aligning with the diaspora investment potential recognised in earlier policies. Compared to the 2019–2023 plan, this iteration represents a shift towards a broader governance and partnership approach, where

¹⁰Government of Sierra Leone (2022). *National Migration Policy for Sierra Leone*. Freetown: Ministry of Internal Affairs. Available at: <https://slid.gov.sl/wp-content/uploads/2022/02/20220114-Final-Draft-National-Migration-Policy-4.pdf>

¹¹Government of Sierra Leone. (2024). *Sierra Leone’s Medium-Term National Development Plan (2024–2030): A Transformative Acceleration Agenda for Food Security, Human Capital Development & Job Creation*. Freetown: Ministry of Planning and Economic Development / Ministry of Finance. Available at: <https://mof.gov.sl/documents/medium-term-national-development-plan-2024-2030/>

diaspora engagement is mainstreamed within migration policy and development planning rather than treated as a standalone investment mechanism.

It is also important to note that Sierra Leone has developed an Integrated National Financing Framework (SL-INFF)¹², which promotes diversified financing beyond traditional aid and debt. The SL-INFF is not a standalone policy, but rather a strategic framework and process that enables Sierra Leone to align its financing strategy with its national development priorities. During consultations, the SL-INFF was frequently referenced as a key guiding framework for identifying and addressing policy gaps and financing bottlenecks, as well as for determining priority areas where diaspora investment can play a catalytic role.

1.3.2 Existing Literature:

Over the years, a number of studies have sought to examine the role and potential of the Sierra Leonean diaspora. This report builds on that existing body of work by contributing additional evidence and analysis, which should inform decision-making and initiatives that can catalyse diaspora investment as a driver of sustainable growth in Sierra Leone.

We identified three key studies that provide relevant insights into the state of diaspora engagement and investment in Sierra Leone. While this report does not aim to present an exhaustive literature review, it highlights the main findings and lessons from these studies, and reflects on how they align with the perspectives and patterns that emerged from our own consultations. Together, these sources help paint a more coherent picture of the current landscape and opportunities for diaspora investment in Sierra Leone.

1. Direct Expatriate Nationals Investment (DENI) Project for Sierra Leone (2010)¹³:

The DENI project was conceived as a three-phased initiative aimed at catalysing poverty reduction in Sierra Leone by enabling a new entrepreneurial “class of ordinary citizens to become stock owners”. The report framed the Sierra Leonean diaspora as the country’s greatest offshore asset — described as its “most precious and underutilised resource” and an “indispensable catalyst” for accelerating national development, given their “permanent vested interest in the welfare of our people.”

Using remittances as a proxy, the report highlighted that the volume of funds sent by the diaspora already exceeded all forms of foreign aid and continued to grow — yet little existed to demonstrate collective, productive outcomes from these high flows. This trend, it argued, was not unique to Sierra Leone but common across almost all African countries.

DENI was presented as a creative mechanism to harness the “gold mine” of private funds for Sierra Leone’s common good. The report emphasised that the diaspora

¹² Government of Sierra Leone & United Nations Development Programme. (2021). *Sierra Leone Integrated National Financing Framework (INFF)*. Freetown: Ministry of Planning and Economic Development / UNDP.

¹³ *The DENI–Sierra Leone Concept Paper (2009)*

contribute far more than finance — representing a pool of human capital rich in expertise, education, entrepreneurship, and experience, all of which could be mobilised to address the country's development needs. It also proposed a natural progression beyond remittances, moving from consumption-based transfers and micro-finance to SMEs to investment in large-scale enterprises, beginning with the privatisation of state-owned enterprises (SOEs). This approach aimed to create millions of new citizen-owners, thereby achieving more inclusive growth and broader job creation, compared to ownership concentrated in a few wealthy individuals.

The investment objective proposed was to raise an initial US\$150 million for the Government of Sierra Leone — not as a loan or grant, but as a purchase price by citizens for one or more of the country's SOEs. Several insights from the DENI model are relevant and consistent with messages emerging from the consultations undertaken for this report, which includes:

- **Diaspora as co-investors, not donors:** DENI reframed the diaspora's role from that of remittance senders to active shareholders in national enterprises.
- **Trust and governance:** The report identified trust deficits and regulatory barriers as key constraints and argued that transparent, locally owned structures would be essential to overcoming them.
- **Institutional anchoring:** DENI was initiated with the Office of the President, demonstrating high political will and alignment with national planning priorities — underscoring the importance of situating diaspora initiatives within formal institutional frameworks.
- **Collaborative innovation:** The DENI proposal was framed as one of several possible creative solutions, grounded in the principle that diaspora investors should be seen as productive partners in national development.
- **Strategic engagement:** The report envisioned an active global marketing campaign to mobilise the diaspora, highlighting the importance of strategic communication and sustained engagement beyond the political narrative.

2. **Sierra Leone: Diaspora Targeted Bonds & Development Fund (2024)**¹⁴: In this study, the Government of Sierra Leone, in collaboration with the United Nations Development Programme (UNDP) and the United Nations Capital Development Fund (UNCDF), provides a technical framework and action plan to facilitate the implementation of a Diaspora-Targeted Bond (DTB). The report offers a detailed assessment of the feasibility, viability, and sustainability of a diaspora bond as a new form of portfolio investment for Sierra Leone. This initiative sits within the country's Integrated National Financing Framework (INFF), which seeks to diversify

¹⁴ United Nations Development Programme / Ministry of Planning and Economic Development. *Sierra Leone: Diaspora Targeted Bonds & Development Fund. 2024.*

development financing beyond traditional aid and debt instruments. It is also a continuation of the 2019 Sierra Leone Development Finance Assessment¹⁵.

The report draws extensively on lessons learned from other African countries - including Ethiopia, Nigeria, Kenya, and Ghana - where diaspora bond programmes have achieved varying degrees of success. It identifies key success factors such as: fixed interest rates and clear repayment guarantees;

- transparent project linkages and regular reporting;
- fintech-enabled access and targeted diaspora marketing; and
- broad eligibility, open to both citizens and non-citizens.

Conversely, it notes that past failures have often resulted from trust deficits, weak marketing strategies, and overly complex institutional structures.

The rationale for the programme is also grounded in the observed resilience of diaspora financial flows during the COVID-19 pandemic, and the growing adoption of formal financial channels and fintech products among Sierra Leoneans abroad.

The authors argue that a diaspora-targeted bond offers an innovative financing instrument capable of mobilising diaspora savings and foreign-held resources into Sierra Leone's productive sectors. The proposed model involves packaging and marketing project-linked, local-currency Treasury Bonds to the diaspora as retail investment instruments, using fintech platforms to enhance accessibility and transparency. This approach aims to channel diaspora funds and those of "friends of Sierra Leone" into socially responsible and high-impact projects, aligned with the Sustainable Development Goals.

Under the proposed structure, investments could be made in both foreign and local currencies, with interest and principal payments guaranteed by the Bank of Sierra Leone to strengthen investor confidence. The use of digital investment platforms would enable diaspora investors to easily subscribe, monitor, and manage their investments remotely.

However, to address the trust deficit between the diaspora and public institutions, the report recommends a robust institutional framework comprising:

- a Supervisory Technical Council (STC) to provide overall governance and oversight;
- an Investment Management Company (IMC) to manage and market the bonds professionally; and
- a Project Implementation Company (PIC) responsible for executing projects financed through the diaspora bond.

¹⁵ Government of Sierra Leone & United Nations Development Programme. (2019). *Sierra Leone Development Finance Assessment (DFA)*. Freetown: Ministry of Planning & Economic Development / UNDP. Available at: [https://sdgfinance.undp.org/sites/default/files/2024-04/DFA%20Sierra Leone.pdf](https://sdgfinance.undp.org/sites/default/files/2024-04/DFA%20Sierra%20Leone.pdf)

The report also highlights a significant market opportunity, identifying approximately 375,000 first- and second-generation Sierra Leoneans in the diaspora—primarily in the United States, United Kingdom, Canada, and Europe—with middle to high income levels. The programme aims to target 11,000 of these investors over its first five years, with a minimum investment size of US\$250.

In addition to the bond, the report proposes a complementary Diaspora Development Fund (DDF) to provide grants and matching funds for small-scale community projects initiated by diaspora groups. This mechanism is designed to foster impactful, non-financial engagement, encouraging diaspora-led innovation, mentorship, and entrepreneurship as part of a holistic approach to diaspora contribution.

3. **Sierra Leone Diaspora Investment and Trade Study (2015)**¹⁶: This report was developed in the aftermath of the Ebola epidemic, which had a detrimental effect on Sierra Leone's economic progress and posed a serious risk of reversing earlier social and economic gains. The study examines potential diaspora investors' perspectives and identifies investment models to mobilise diaspora capital, skills, and knowledge to support Sierra Leone's post-Ebola economic recovery.

The report provides a preliminary mapping of where the Sierra Leonean diaspora is based, highlighting concentrations in neighbouring African countries (Guinea, Liberia, Nigeria), the United Kingdom, Europe (particularly Germany and the Netherlands), and North America (Canada and the United States). It notes that over 50% of tertiary-educated Sierra Leoneans live abroad, underscoring the significant human capital potential of the diaspora.

Using a mixed-methods approach—including interviews, focus groups, and surveys of 610 respondents—the researchers examined both existing and potential diaspora investments in Sierra Leone. The study explored four main areas:

- the demographic profile of Sierra Leonean diaspora communities in Canada, the United Kingdom, and the United States;
- how these mobilised communities currently engage in Sierra Leone's development;
- their appetite for investing human and financial capital through volunteerism, philanthropy, and business ventures; and
- the obstacles they perceive in investing in Sierra Leone.

The five key findings that were found in this study are:

1. **Pride, Frustration, and the Trust Deficit** - The diaspora expressed strong feelings of both pride and frustration. Pride stemmed from a sense of identity, patriotism, and cultural belonging, while frustration was linked to concerns about corruption, weak governance, and limited progress.

¹⁶World Bank. (2015). *Sierra Leone: Diaspora Investment & Trade Study*, Ade Freeman. Washington, D.C.: World Bank. Available at: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/833001468189871473>

The study found that trust is a prerequisite for unlocking diaspora-based human and financial capital. It identified three trust dimensions that must be strengthened:

- a. Within the diaspora community itself;
 - b. Between the diaspora and citizens at home; and
 - c. Through credible intermediaries capable of designing and delivering reliable investment products and programmes.
2. **Human Capital and Economic Potential** - The mobilised diaspora possesses diverse professional expertise, robust middle-class income levels, and available wealth for investment. Most respondents had lived abroad for over 25 years but maintained strong ties to Sierra Leone: 75% had travelled home in the past three years, and 83% expressed an intention to return permanently.
3. **The Investment Gap** - There is a large gap between current diaspora investment levels and expressed interest, for instance:
- Only 9% had invested in property for income, but 65% were interested.
 - Fewer than 5% had started a business, though 71% expressed strong interest.
 - Only 1.3% had invested in diaspora bonds, yet 45% wanted to.

Investment motivation was largely dual-driven—both emotional (patriotic impact) and financial (wealth creation). Key sectors of interest included education, healthcare, agriculture, and infrastructure, particularly those linked to growing Sierra Leone's wider business-enabling environment.

4. **Barriers to Investment:** Several perceived obstacles were stated as the main obstacles that deter diaspora investment:
- a. Government policy: excessive bureaucracy, unclear tax policies, limited access to officials, and the absence of a one-stop-shop for investors.
 - b. Infrastructure: unreliable energy supply, weak telecommunications, poor transport systems, and inadequate property rights enforcement.
 - c. Finance: high borrowing and transfer costs, limited access to financial products, and lack of trusted intermediaries.
 - d. Human capital: shortage of skilled labour and reliable suppliers.
5. **Diversity Within the Diaspora:** The study found that investment attitudes and behaviours differ across location, generation, and gender:
- a. First-generation migrants were more engaged and willing to invest than second-generation counterparts.
 - b. UK-based diaspora travelled home more frequently and had greater business exposure than those in the US and Canada.
 - c. Women expressed strong emotional motivation to invest but faced higher security and gender-based barriers, which limited direct business involvement.

Together, these studies and insights form part of the foundation for establishing a baseline understanding of diaspora attitudes and investment potential in Sierra Leone.

They reveal a persistent appetite for engagement from the demand side, while also underscoring the enduring challenges—particularly the trust deficit, structural barriers, and

limited investment vehicles—that continue to constrain diaspora investment. These same issues were echoed throughout the consultations conducted for this report.

Collectively, the findings reinforce the need for structured and transparent mechanisms to harness productive diaspora investments that contribute to Sierra Leone’s long-term growth.

Section 2: The Current Landscape of Diaspora Investment - Emerging Insights

This section builds on the groundwork established in Section 1, now focusing more on the qualitative insights that emerged from the consultation process. It provides a snapshot of the current state of diaspora investment in Sierra Leone, highlighting the key themes, bottlenecks, and opportunities that are shaping the landscape.

Although all interviews were anonymised, the main recurring messages from the consultations have been aggregated and organised into three interrelated perspectives. While these perspectives are presented separately for clarity, they are not mutually exclusive—in practice, they overlap significantly and collectively illustrate how different actors in the ecosystem interact and influence one another.

The analysis is structured as follows:

- Public sector perspective: focused on the government's appetite and perspective in creating an enabling environment for diaspora investment.
- Private sector perspective: capturing the voices of intermediaries, businesses, and investors who are actively engaging with or facilitating diaspora investment.
- Development partner perspective: highlighting how development partners, and donors are supporting or complementing national efforts to mobilise diaspora capital.

Together, these perspectives offer a holistic view of Sierra Leone's diaspora investment ecosystem, illustrating how diverse efforts and viewpoints are beginning to converge around a shared ambition—to make diaspora investment a more structured, impactful, and sustainable driver of national growth.

2.1 The Public Sector Perspectives

The consultations with public sector representatives revealed alignment across institutions, with several consistent themes emerging. These insights can be broadly categorised into three interrelated areas:

1. **Innovative Revenue Mobilisation** – focusing on expanding the government's revenue base through non-traditional financing mechanisms and attracting foreign direct investment (FDI) into Sierra Leone.
2. **Engaging the Diaspora** – emphasising the need for proactive and structured engagement with the Sierra Leonean diaspora to translate goodwill into tangible investment outcomes.
3. **Governance and Accountability** – recognising the importance of establishing transparent and protective governance systems to ensure that diaspora investments are both secure and impactful.

These three areas form the backbone of the public sector's current thinking on diaspora investment and highlight the government's intent to shift from ad hoc engagement to a more systematic and results-oriented approach.

2.1.1 Innovative Revenue Mobilisation:

A consistent message that emerged across public sector consultations was the “right timing” for diaspora investment. This sentiment reflected a broader recognition that the aid and donor landscape is shifting—with reductions in bilateral donor budgets and the withdrawal of major partners such as USAID. The prevailing view across government institutions is that Sierra Leone can no longer rely on external aid, and must instead reduce aid dependency and focus on expanding its domestic revenue base.

Within this context, stakeholders repeatedly emphasised the need for “innovative finance”—referring to untapped sources of capital, new financial instruments, and strategic partnerships capable of mobilising and channelling resources toward national development priorities. Innovative finance was seen as a pathway to establish sustainable partnerships and long-term investment flows that are both productive and scalable. Among these, diaspora investment was consistently ranked as one of the most promising and untapped immediate sources of innovative finance that the government is seeking to harness.

The diaspora were also recognised by policymakers as credible and long-term investors who can play a catalytic role in economic growth. Their investments not only help expand the tax base, but also contribute to knowledge transfer, skills development, and market access. While diaspora investors seek financial returns, consultations also revealed a strong patriotic motivation—a desire to see tangible developmental outcomes such as improved infrastructure, services, and livelihoods.

Certain sectors were repeatedly highlighted as strategic areas where diaspora investment could combine patriotic impact with commercial viability, which included:

1. Agribusiness: Agriculture remains a cornerstone of Sierra Leone’s economy, with multiple opportunities for value-added investment. Government plans include the creation of tax-free export zones and an industrial hub in Lungi, aimed at positioning Sierra Leone as a key player in West Africa’s agro-processing sector. Several commercial agriculture firms are already producing biofuels, palm oil, timber, rice, and fruit-based products. Subsector opportunities include:
 - a. Sustainable palm oil processing: The domestic value chain is estimated at USD 500 million, with export potential exceeding USD 3.4 million (2018). Supported by the West African Competitiveness Programme (EU-funded), this sector is a focal area for value-chain development and export growth.¹⁷
 - b. Cocoa processing: Sierra Leone’s cocoa export market was valued at USD 33 million (2019), within a regional market exceeding USD 1 billion and a global market of USD 47 billion.¹⁸
 - c. Juice and fruit processing: The local juice market is estimated at USD 25 million, with export potential above USD 200 million. Investment in processing facilities could raise farmer incomes, strengthen supply chains, and expand nutritional access.¹⁹

¹⁷ UNDP Sierra Leone, *Sierra Leone SDG Investor Map 2023*, <https://www.undp.org/sierra-leone/publications/sierra-leone-sdg-investor-map>

¹⁸ *Ibid.*

¹⁹ *Ibid.*

2. Renewable Energy: Energy access remains limited—only 26% of the population had electricity in 2021, with biomass accounting for 80% of household consumption.²⁰ The government's energy agenda aims to increase renewable capacity to 85% by 2030 and reduce CO₂ emissions by 10%. Diaspora investors were viewed as particularly suited to this sector given their long-term buy-in to the country, compared to investors in the sector that may come take advantage and go quickly, with limited impact-driven investments. Key opportunities include:
 - a. Solar power: With 2,180 hours of sunlight annually, Sierra Leone's solar market—valued at USD 33 million per year—could serve up to 2.9 million people and businesses.²¹
 - b. Hydropower: Leveraging an average 2,500 mm of rainfall per year, hydropower offers reliable renewable potential.
 - c. Biomass and biofuels: Derived from maize, cassava, and municipal waste, these resources can power bioenergy and off-grid solutions.^{22,23,24}

2.1.2 Engaging the Diaspora

Government engagement with the diaspora has so far taken place mainly through ad hoc diplomatic missions, particularly to the United States and, to a lesser extent, the United Kingdom. These efforts, while important, have not been systematic, sequential or strategically targeted. Most existing engagement has centred on advocacy for returnees, citizenship pathways, and the general promotion of Sierra Leone as an investment destination. However, without a deliberate strategy, the ability to translate diaspora interest into tangible investment outcomes remains limited.

Currently, the infrastructure to facilitate diaspora investment in Sierra Leone is minimal. Even with a strong diaspora appetite and willingness to invest, the absence of dedicated financial vehicles and institutional mechanisms makes it difficult to harness this potential effectively.

At the institutional level, efforts to attract diaspora investment are coordinated primarily through the National Investment Board (NIB), which serves as Sierra Leone's one-stop shop for investment facilitation (see Box 5). The NIB has actively promoted Sierra Leone as an investment destination through diplomatic and trade missions targeting diaspora hubs. It plays a central role in connecting diaspora investors with credible opportunities, reducing bureaucratic barriers, and building investor confidence.

²⁰ African Development Bank, *Country Diagnostic Note Sierra Leone, Accelerating Policy Reforms for Structural Transformation and Sustainable Inclusive Growth*, February 2024, <https://www.afdb.org/en/documents/sierra-leone-country-diagnostic-note-february-2024#:~:text=Sierra%20Leone%20is%20a%20Low,%2Daddition%2C%20and%20insufficient%20diversification.>

²¹ UNDP Sierra Leone, *Sierra Leone SDG Investor Map 2023*, <https://www.undp.org/sierra-leone/publications/sierra-leone-sdg-investor-map>.

²² SLIEPA, *Diverse Sector Opportunities*, <https://www.sliepa.gov.sl/industries/energy/diverse-sectoral-opportunities>.

²³ Herbert Smith Freehills LLP 2025, *Investing in Sierra Leone, Energy*, <https://www.investinginsierrealeone.com/energy/>.

²⁴ Sustainable Energy for All, *Country Work – Sierra Leone*, <https://www.seforall.org/our-work/country-engagement/country-work-sierra-leone>.

Despite this progress, there is no dedicated diaspora desk or targeted workstream within the NIB focusing specifically on diaspora investment. While government officials consistently recognise diaspora engagement as a national priority, several bottlenecks persist:

- There is no comprehensive database mapping the Sierra Leonean diaspora, to illustrate their investment capacity, or willingness to invest. Such a database would provide the baseline evidence needed to guide strategic engagement, design tailored initiatives, and target marketing effectively.
- There is no harmonised legal or policy definition of who constitutes the Sierra Leonean diaspora, which creates challenges for coordination and consistency across institutions.

Overall, there was strong consensus across government consultations that engaging the diaspora is a top priority, and whilst some engagement is taking place, this must be done through strategy rather than sporadic outreach. The public sector recognises diaspora investment as one of Sierra Leone's most promising forms of innovative finance—and the timing to act is now - however, the supporting data systems and institutional coordination remain weak. Developing a clear national definition of the diaspora and a stronger evidence base would help government agencies create a more enabling environment for diaspora investment in Sierra Leone.

Box 5: Sierra Leone National Investment Board (NIB)

NIB is the one-stop shop in Sierra Leone for investment and although not specifically tailored to the diaspora, this is the institutional starting point for diaspora with an interest investing in Sierra Leone.

NIB operates under the Office of the President and is the institution responsible for promoting and facilitating investment in the country. It was established in 2021 under the National Investment Board Act, with the objective of improving the ease of doing business, and in turn attracting investment, to support private sector-led growth.

Its creation was part of reforms to make Sierra Leone a more investor-friendly destination, by consolidating investment functions previously managed across multiple authorities into a one-stop shop.

The main roles of NIB includes:

- **Investment Promotion:** Marketing Sierra Leone as an investment destination, including to the diaspora, and showcasing investment opportunities.
- **Investment Facilitation:** Acting as a one-stop shop for investors to simplify and fast-track business registration, licensing, and approvals.
- **Policy Coordination:** Advising the government on investment-related policies and regulations to create a more conducive business environment.
- **Aftercare Services:** Supporting existing investors to expand or resolve operational challenges they face.
- **Data and Research:** Collecting and disseminating data on investment trends and performance to guide evidence-based policymaking.

2.1.3: Governance and Accountability

As noted above, a major constraint to scaling diaspora investment in Sierra Leone is the absence of adequate infrastructure and formal investment vehicles. Although there is strong appetite and willingness among diaspora communities to invest, most current activities occur through ad hoc channels — typically involving family, friends, or informal partnerships.

While these informal routes have supported some levels of engagement to date, they are not scalable or sustainable, and leave investors exposed to risk around mistrust. Without structured pathways for investment, even the most effective advocacy or marketing campaigns cannot translate diaspora interest into meaningful financial flows. When investors are left to navigate informal or unfamiliar networks, governance and accountability is limited, and trust becomes fragile.

This lack of trust has tangible consequences. Many diaspora investors who have attempted to invest through informal channels have reported negative experiences, often resulting in loss of capital or unmet expectations. Such cases not only deter future investment but also spread scepticism among other potential investors in diaspora networks, further damaging investor confidence.

To rebuild this trust, Sierra Leone requires credible, transparent, and professionally governed mechanisms that can absorb diaspora investment, generate positive case studies, and provide structures for scaling up investment at both institutional and product levels. This infrastructure must combine regulatory oversight, institutional capacity, and investment vehicles that are fit-for-purpose.

Consultations revealed that very few investment vehicles that currently exist, which directly target or are suitable for diaspora investors. Only three notable mechanisms were identified as existing or being developed:

1. **The Akuna Group²⁵:** The Akuna Group operates as a private investment fund active in sectors such as creative industries (film and music), renewable energy, plastic recycling, infrastructure, and agriculture (value addition). The fund engages with diaspora investors—particularly in the United States and United Kingdom—by allowing them to invest through its managed ventures. The Akuna Group demonstrates a diaspora-targeted investment model, led by diaspora private investors and sector-specific expertise.
2. **Sherbro Island Development Project²⁶:** Managed by Sherbro Alliance Partners, this initiative represents an innovative Public–Private Partnership (PPP) between the private sector and the Government of Sierra Leone. The project established a Special Economic Zone (SEZ) on Sherbro Island to attract diaspora investment, while promoting inclusive growth and environmental sustainability.

A major milestone has been the ratification of the Investment Framework Agreement

²⁵ The Akuna Group: <https://www.linkedin.com/company/the-akuna-group/>.

²⁶ Sherbro Island City: <https://sherbroislandcity.com/>.

(IFA) by Parliament, enabling the creation of the Sherbro Development Authority (SDA)—a semi-autonomous governance body with administrative, fiscal, and operational oversight. The SDA is designed to ensure world-class regulatory and investment standards, functioning almost as a municipal government for the island's SEZ. This structure, which will be marketed actively to the diaspora, stands out as a deliberate model for mobilising diaspora investment.

3. **Diaspora Bond (Under Development):** Although not yet launched, the Government of Sierra Leone—through the Integrated National Financing Framework (INFF)—is developing a diaspora investment bond to fund key development projects. The proposed bond aims to offer competitive returns compared to investment opportunities in host countries, while fostering a sense of national pride and participation in Sierra Leone's growth.

The government has considered linking eligible projects for the bond to those already approved by the National Investment Board (NIB). However, there was strong consensus during consultations that the bond structure should remain independent of direct government control, to avoid politicisation and strengthen governance credibility. Some participants also discussed the potential value of obtaining a sovereign credit rating to enhance investor confidence. In some discussions it was assumed to be a prerequisite to attract investors, however in others it was seen as a complementary effort to signal commitment to sound financial governance and could take place in parallel to issuing a diaspora bond.

In addition to credit rating, the banking system was raised as a concern, where most have limited debt frameworks for long term savings, insurance, deposits, which could hinder the ability of launching bonds.

Another critical bottleneck identified during consultations was the limited institutional understanding and coordination across government agencies regarding regulatory frameworks. This gap often results in inconsistent or conflicting information being shared with investors, including members of the diaspora. Consequently, many investors are compelled to rely on expert intermediaries—such as The Betts Firm²⁷ and Gordon & Associates²⁸ - to interpret regulations, navigate tax regimes, and understand the legislative environment relevant to their investment interests.

To address this, policy continuity across successive governments and institutional capacity-building is needed to ensure that all relevant government bodies maintain a shared and up-to-date understanding of investment-related laws and procedures. Consistency in communication across agencies is essential to build investor confidence and reduce friction in the investment process. Moreover, digitising regulatory information and developing centralised data gateways or online signposting platforms could help the government enhance transparency, accuracy, and accessibility—ensuring that diaspora investors receive clear, reliable, and consistent guidance throughout their investment journey.

²⁷ The Betts Firm: <https://thebettsfirmsl.com/>

²⁸ Gordon & Associates: <https://gordonassociates-sl.com/>

Without a robust trust system underpinned by transparent governance and accountability, diaspora investors will continue to perceive high risk in the Sierra Leonean market. This perception limits their willingness to invest—even where patriotic motivation is strong—thereby reducing Sierra Leone’s ability to leverage the “patriotic discount” that diaspora investment has.

Encouragingly, the public sector recognises these challenges and has expressed a willingness to co-create solutions, including a legal framework for foreign arbitration. Beyond developing the diaspora bond, officials have shown openness to collaborating with private actors and development partners to design and pilot investment vehicles tailored to the diaspora market. Embedding these within a governance framework that ensures transparency, accountability, and investor protection will be critical for building confidence and mobilising diaspora capital in a way that is scalable.

Annex 1, captures nuanced insights shared during consultations. All responses are anonymous and represent the diversity of perspectives gathered across public sector actors.

2.2 Private Sector Perspectives:

The private sector in Sierra Leone represents a dynamic and evolving space. The consultations for this study included both active diaspora investors and leading domestic businesses. The discussions revealed several consistent themes regarding the opportunities and constraints surrounding diaspora investment in Sierra Leone.

- 1. Access to Finance and the Missing Middle:** A major challenge identified by private sector actors is the limited access to finance—particularly for businesses in the “missing middle” segment. These are ventures that have outgrown microfinance support, with high growth potential, but are still too small to attract larger-scale investments (typically above USD £5million) from Development Finance Institutions.

Local banking systems were cited as a key constraint. Commercial banks face difficulties raising capital, which translates into high interest rates and unfavourable lending terms that hinder business growth. As a result, many domestic ventures rely on bootstrapping and trading income models to sustain operations, limiting their potential for expansion and innovation.

Participants consistently noted that diaspora investors could serve as strategic partners—not only providing patient capital, but also offering access to new markets, networks, and knowledge. Some diaspora-led ventures already draw on their overseas connections to access financing sources, however this is minimal and informal.

Domestic entrepreneurs also emphasised the need for structured investment vehicles. They cautioned that businesses cannot feasibly engage with hundreds of small diaspora investors individually. Instead, pooled investment mechanisms or institutionalised vehicles are needed to channel diaspora capital efficiently without placing a heavy reporting burden on investees.

An additional structural disparity was highlighted in capital-intensive sectors such as mining and energy, where foreign-owned companies benefit from parent-company financing and international networks, while domestic firms rely almost entirely on local markets. Here, diaspora investment was seen as a potential equaliser—a way for local firms to tap into external finance and compete more effectively.

2. **Investment Readiness and Business Culture:** Another recurring theme was the low level of investment readiness among domestic ventures. Initiatives such as Invest Salone²⁹ and ARIA Invests³⁰ were widely recognised for supporting high potential business ventures to become more bankable and investor-ready, and connecting with investors, yet participants agreed that a significant gap remains.

Beyond technical gaps, participants also identified a cultural element: while entrepreneurship is highly valued in Sierra Leone, it is often not coupled with structured business practices or strategic growth planning. Diaspora investors were seen as having an important role to play—not as donors, but as mentors and technical partners, bringing both expertise and accountability in the venture building technical assistance process.

Consultations suggested that diaspora involvement in technical assistance and business development could help generate a stronger pipeline of investable ventures, foster a culture of professionalism, and enhance trust between the diaspora and domestic businesses. Moreover, collaboration could have a positive spillover effect — raising aspirations among local entrepreneurs, reversing the desire of economic migration out of Sierra Leone by youth, and reinforcing a shared vision of national progress driven by business enterprise.

3. **Building Mutual Trust and Accountability:** Trust emerged as a central issue across both diaspora and private sector perspectives. On one hand, many diaspora investors have been discouraged by negative past experiences—such as losses through informal partnerships or mismanagement. On the other hand, there was concern that some diaspora engagements have been politicised, with individuals appointed to political leadership roles without sufficient technical expertise, resulting in challenges around credibility and performance.

To ensure effective partnerships, stakeholders emphasised the need to establish two-way systems of governance and accountability—both to protect investors and to ensure that diaspora participants deliver on their promised value-add. Transparency, due diligence, and politically neutral institutional frameworks were seen as key enablers of this trust system.

A particularly visible segment discussed was the “returnee investor”—often African-American - DNA-traced diaspora who have relocated to Sierra Leone to establish businesses. These returnees were viewed as highly committed investors, whose on-the-ground presence and personal investment of capital serve as strong signals of

²⁹ Invest Salone: <https://investsalone.com/>

³⁰ Africa Resilience Investment Accelerator: <https://www.ariainvests.org/>

progress. Such examples have encouraged confidence among other diaspora investors abroad.

However, participants also noted that the number of returnees remains limited, due in part to underlying social conditions—particularly healthcare, education, and living standards—which are not yet conducive for families seeking to relocate.

- 4. Diaspora Dynamics and Engagement Patterns:** An interesting observation that emerged, was about the different investment behaviours among diaspora groups. While not empirically robust, participants observed that diaspora in the United States tend to be more proactive and faster to invest or relocate, compared to those in the United Kingdom, who were perceived as more cautious or conservative.

One explanation offered was that the U.S.-based diaspora have more mobilised networks and associations actively promoting investment in Sierra Leone, while such structures are less visible in the U.K. Strengthening these networks, and fostering collaboration between diaspora hubs in the U.S. and U.K, could create opportunities for joint efforts and collective investment.

Across discussions, participants also reinforced that remittances and investment must be clearly distinguished. While remittances remain an important financial inflow, they primarily serve household and consumption purposes. Productive investment requires formal instruments and incentives, but there also be ways to channel a portion of remittance flows into structured investment opportunities.

- 5. The Importance of Political Neutrality:** Finally, several participants highlighted the importance of maintaining political neutrality in diaspora-led investments. There is a concern that private sector ventures can become easily politicised, which risks undermining credibility and sustainability. For diaspora investment to have a lasting and developmental impact, it must remain independent, transparent, and non-partisan.

Overall, the private sector views the diaspora as a key strategic and desired partner for investment, knowledge transfer, and market expansion. However, to unlock this potential, there is a need to: i) Strengthen investment readiness among domestic ventures; ii) Develop structured, investment mechanisms for diaspora capital; iii) Build mutual trust and governance systems that protect both investors and investees; and, iv) Maintain political neutrality. With these foundations in place, the private sector believes diaspora investment can become a driver of Sierra Leone's private sector growth.

Annex 2, captures nuanced insights shared during consultations with the private sector. All responses are anonymous and represent the diversity of perspectives gathered across the private sector.

2.3 Development Partner Perspective:

Development partners play a critical role in the Sierra Leone investment ecosystem. They serve as both providers of technical assistance and sources of development capital. Consultations with representatives from multilateral, bilateral, and international organisations revealed four overarching themes that shaped their views on diaspora investment.

- 1. Building a Common Understanding:** A recurring message across consultations was that diaspora investment remains a relatively new and underexplored area—both within Sierra Leone and among the international development community. Most development partners acknowledged that there is limited institutional understanding of the role, capacity, and potential of the diaspora, not only domestically but also within their own bilateral constituencies.

While this lack of familiarity represents a challenge, partners emphasised that it also presents an opportunity to establish a shared foundation of knowledge. Several expressed willingness to support the Government of Sierra Leone should it decide to make diaspora investment a formal strategic priority.

However, development partners also highlighted the competitive and fragmented nature of their own interventions. They stressed the need for greater coordination and complementarity to avoid duplication of efforts—particularly given the wide and diverse reach of Sierra Leone’s diaspora. One key area of alignment was the importance of building and maintaining a robust evidence base, including data on diaspora location, willingness to invest, and investment capacity. This would enable partners to design more effective, targeted initiatives and avoid working in silos.

- 2. Value-add of the Diaspora:** Several participants described the diaspora as an “elephant in the room”—a large, untapped resource that has yet to be systematically engaged. If framed appropriately, the diaspora could yield significant developmental gains, not only as investors but also as strategic enablers of private sector growth.

Development partners noted that diaspora engagement should not be viewed solely as a channel for financial inflows. The diaspora also have the capacity to contribute to pipeline development of bankable ventures, acting as mentors, technical experts, and market connectors. By helping to prepare ventures for investment, diaspora investors can open doors to broader sources of capital and market access, creating positive externalities that extend beyond their own investments.

Some development partners suggested that initial engagement efforts should focus on pilot programmes within specific sectors—for instance, export-oriented industries, where diaspora networks could help establish off-taker agreements or facilitate market linkages.

- 3. Segmenting the Diaspora for Targeted Engagement:** There was consensus that while the Sierra Leonean diaspora is diverse and globally dispersed, targeted segmentation could identify “quick-win” groups. One segment identified was the “retired but not tired” demographic — professionals with accumulated wealth, deep experience, and a sense of patriotism who are eager to reinvest their expertise and resources into their country of origin.

Development partners noted that future programmes should define clear target audiences, designing tailored incentives, communication strategies, and products for each segment. By piloting targeted initiatives and expanding them iteratively, stronger bridges can be built between diaspora investors and Sierra Leone’s private sector.

- 4. Coordination, Caution, and Geopolitical Sensitivities:** Among the development partners consulted, only the UNDP is currently implementing direct work related to diaspora investment. Others expressed interest in exploring the space further, acknowledging that while the concept is promising, it remains new and somewhat unfamiliar.

That said, several stakeholders cautioned that geopolitical sensitivities must be carefully managed. Specifically, there are concerns about perceptions that redirecting funds from taxpayers in donor countries to diaspora investment schemes might create political or ethical tensions. Such framing should be avoided to ensure diaspora investors maintain the freedom to invest independently, and that international collaboration remains mutually reinforcing rather than competitive.

Overall, development partners view diaspora investment in Sierra Leone as high-potential but underdeveloped and are only realising the potential of diaspora investment as the landscape of development finance is changing. To unlock this potential, priorities emerged such as: i) Building a shared evidence base on diaspora location, capacity, and investment appetite, ii) Coordinating efforts among development partners to reduce duplication and ensure complementarities, iii) Designing targeted pilot initiatives that combine financial and non-financial diaspora contributions.

Annex 3 captures nuanced insights shared during consultations with the development partners. All responses are anonymous and represent the diversity of perspectives gathered across the development partner consultations.

Section 3: Strategic Pathways and the Way Forward

This report has been prepared for Sierra Leone's diaspora investment ecosystem to provide a clearer picture of the demand side. It highlights the voices and insights gathered through consultations with the public sector, private sector, and development partners.

The consultations revealed a high level of appetite and demand for diaspora investment—particularly as Sierra Leone adapts to the shifting landscape of development finance.

Sierra Leone's large, diverse, and globally dispersed diaspora presents a unique opportunity. If effectively mobilised, it can serve not only as a source of finance, but also as a catalyst for knowledge transfer, innovation, and market access. Moreover, Sierra Leone is well positioned to become a continental example of how structured diaspora engagement can unlock national growth.

However, while the appetite is strong, several bottlenecks constrain progress. Addressing these issues is essential to build sustainable and scalable structures that will enable diaspora investment to flow effectively.

The following six strategic pathways are recommended as early, foundational steps—not conclusive, but instead are catalytic actions to help organise and scale diaspora investment in Sierra Leone.

- 1. Formalise a National Definition of “Diaspora”:** One of the most critical steps is to formally define who constitutes the Sierra Leonean diaspora within policy or legislation. A clear, nationally recognised definition provides:
 - Clarity and institutional cohesion—ensuring all government bodies refer to the same consistent definition.
 - A foundation for data collection and engagement—enabling systematic engagement and policy design.
 - Trust and recognition—signalling to the diaspora that they are acknowledged as legitimate partners in national development.

Sierra Leone can look to countries such as Ghana, which have clear legal definitions of their diaspora population. Adopting a similar model would provide a strong basis for harmonised engagement and policymaking.

- 2. Establish a Dedicated Institutional Mechanism for Diaspora Affairs:** Once the definition is in place, there should be a visible, empowered institutional body to lead diaspora engagement.

Currently, the diaspora desk sits under the Ministry of Foreign Affairs, but it is largely inactive and lacks visibility. A dedicated and active Diaspora Authority or Directorate—positioned with key visibility would:

- Signal the government's commitment to diaspora engagement.
- Provide a one-stop interface for diaspora affairs across ministries.
- Build investor confidence through clear coordination.

Ghana's Diaspora Affairs Office of the President, alongside its Diaspora Desk at the Ghana Investment Promotion Centre, offers a relevant model of structured institutional engagement that Sierra Leone could draw an example from.

3. **Develop a Diaspora Investment and engagement policy:** Beyond institutional reform, Sierra Leone should articulate a strategy outlining its vision, goals, and implementation pathways for diaspora investment and engagement. This would:
 - Provide policy direction and continuity, ensuring diaspora engagement efforts are sustained beyond individual projects.
 - Guide partnerships and coordination among government, private sector, and development partners.
 - Crowd in support from international partners and attract funding for implementation.

This strategy should differentiate between remittances, investment, and technical engagement, setting out practical frameworks for each.

4. **Map and build database of the Sierra Leonean Diaspora:** A comprehensive mapping exercise is urgently needed to understand the supply side of diaspora investment. This should capture:
 - Location, demographics, and professional profiles of the diaspora.
 - Their willingness and capacity to invest.
 - Preferred investment sectors

The resulting diaspora database would provide centralised information that enables data-driven targeting, and evidence-based policymaking and initiatives.

5. **Develop Trusted Financial Products and Intermediaries:** There is a clear need for intermediary vehicles, funds, and investment products marketed specifically for diaspora investors. These products should:
 - Reflect the diaspora's dual motivation—seeking financial returns alongside developmental impact.
 - Be governed by robust, transparent frameworks that build investor confidence. Comply with international standards and anti-money laundering (AML) regulations.

By creating structured and accountable vehicles—whether diaspora bonds, pooled investment funds, or public–private partnerships—Sierra Leone can rebuild a trust system for productive investment and demonstrate positive success stories that attract further diaspora capital. This includes prerequisites being in place, such as adequate banking systems, and credit ratings, as financial products cannot exist without the development of internal financial systems.

6. **Strengthen Conditions for Returnee Entrepreneurs:** Returnees—particularly those from the United States and other high-income countries—are among the most visible and committed investors in Sierra Leone. However, their ability to relocate and operate effectively is constrained by underlying socio-economic conditions, particularly around

healthcare and education. To unlock the full potential of returnee entrepreneurs, the government should:

- Address key enabling conditions that influence relocation decisions.
- Develop support mechanisms that facilitate business setup and reintegration.

Improving these foundations would not only attract more returnees but also strengthen their ability to invest, innovate, and contribute growth.

7. **Harness Diaspora Technical Expertise and Networks:** Diaspora engagement should not be limited to financial flows. Beyond financial investment, the diaspora represents a powerful source of knowledge, skills, and connections. Harnessing this intellectual and social capital can be transformative for Sierra Leone's private sector.

Key actions include:

- Establishing diaspora technical assistance programmes that link productive segments of the diaspora abroad with domestic ventures.
- Supporting diaspora based mentorship, advisory and business development to enhance local firms' investment readiness.
- Leveraging diaspora expertise to open new markets, including securing off-taker agreements, and increase export competitiveness.

Engaging the diaspora in this way builds trust and creates partnerships that enhances investment readiness and accelerates private sector growth.

Conclusion:

These recommendations are not intended to be conclusive, but rather foundational building blocks for organising Sierra Leone's diaspora investment landscape. Together, they can help transform potential into practice, enabling diaspora investors to play a sustained and strategic role in Sierra Leone's growth journey.

The Sierra Leonean diaspora remains inherently tied to the nation's progress—financially, culturally, and emotionally. By building trust, strengthening institutions, and developing structured pathways for engagement, Sierra Leone can unlock the full potential of its diaspora as long-term partners in achieving sustainable growth and prosperity. Whilst there is a broad understanding on the role and potential of diaspora investment, there is also a sense of urgency that must be harnessed. The need to take action on focussed efforts and tangible next steps is now.

"The diaspora are not just investors—they are co-architects of Sierra Leone's future." - Sierra Leone Ministry of Planning and Economic Development.

Annex 1: Key Informant takeaways (Public Sector)

The following captures nuanced insights shared during consultations. All responses are anonymous and represent the diversity of perspectives gathered across public sector actors.

- The diaspora are key partners in mobilising investment and have already played an important role in providing technical assistance and knowledge transfer. Those engaged in entrepreneurship can help strengthen business investment readiness and capacity of local organisations to absorb capital.
- Some funds have already been mobilised through the diaspora, especially in Freetown. For example, in the *#FreetownTheTreeTown*³¹ campaign, diaspora played a significant philanthropic role and acted as catalysts for additional investments. Their involvement not only contributed financially but also amplified marketing reach and visibility, crowding in further support.
- Key sectors where diaspora investment can have significant impact in Freetown include cultural tourism, transportation, sanitation, and carbon credits.
- It is important to understand the political economy in Sierra Leone. Diaspora investors must remain politically neutral—Sierra Leone needs more investors, not more politicians.
- There is a general fear of investing, particularly around navigating the political economy. Investors need assurance and risk mitigation measures to overcome these concerns, as politics plays a major role in the private sector in Sierra Leone. Some diaspora are establishing gazetted projects to safeguard against political economy fallouts.
- The government can help crowd in investment through organised structures such as sector concessions (as is the concessions in the Waste Management sector), which encourage private investment and creates opportunities for new investors—including the diaspora—to enter priority sectors.
- Data and information systems remain scattered and unorganised. Digitising and strengthening data is essential to build sustainability in diaspora investment.
- Diaspora investment has high potential to be scaled and can help achieve both the Sustainable Development Goals and Medium-Term National Development Plan targets, which currently face funding gaps. Innovative financing, such as diaspora investment, is becoming increasingly important as traditional aid declines.
- Although there is a diaspora desk and some institutional arrangements, most diaspora investment currently happens informally through friends and family. Many diaspora investors have lost money through this process, leading to declining confidence. Structured mechanisms—such as a national stock market or formal investment platforms—are needed to channel diaspora capital more safely.
- The government is actively marketing Sierra Leone to the diaspora but lacks clear data on where potential diaspora investors are, their investment appetite, and their needs. A clearer communication channel is needed.

³¹ *Freetown The Treetown Campaign*. <https://freetownthetreetown.sl/>

- Many diaspora investors lack access to reliable information, which contributes to failed investments. Establishing a standards bureau or similar entity to verify and publish accurate investment information could improve investor confidence.
- There are opportunities for “low-hanging fruit” through trade linkages, such as diaspora being buyers of commodities like cashews and coffee, to help build confidence in the domestic economy.
- Conducting an audit of standards and institutional capacity across government could help strengthen governance and build diaspora confidence to invest.
- The external finance landscape is shifting. As concessional and aid financing decline, innovative financing sources like diaspora investment are becoming more crucial to complement domestic revenue mobilisation.
- Coordination across government institutions is essential for the success of diaspora bonds. Effective implementation also requires adequate resources, planning, and oversight.
- Diaspora engagement is already part of government development plans but remains largely at the planning stage. Stronger evidence, learning from other countries, and research are needed to move from concept to implementation.
- Financial guarantees are vital for the market, which is still developing. Strengthening the regulatory and legal environment will help mitigate risks and attract diaspora investors.
- There is broad consensus within the government on the importance of diaspora investment, but extensive mapping is needed to understand where the diaspora are and how to engage them effectively.
- Energy access in Sierra Leone remains low (36%), and achieving 78% access requires about USD 2.2 billion in investment. Traditional funding methods are insufficient. The diaspora could play an important role as patient, long-term investors, particularly in catalytic energy projects that promote sustainable growth.
- The government needs to establish clear structures, including financial market reforms, to facilitate diaspora investment in catalytic infrastructure such as energy. Lessons can be drawn from countries like Ethiopia.
- Diaspora financial instruments, such as diaspora bonds, can help foster a sense of nationalism while offering competitive returns. Marketing these instruments effectively, especially in the UK and US, can help attract diaspora investors seeking both financial and social impact.
- Diaspora bonds could help fund major projects in sectors such as housing and agriculture, combining investor returns with national development impact.
- With Sierra Leone’s growing middle class, developing a mortgage system could be another structured vehicle for diaspora investment that yields both strong returns and social benefits.
- Remittances already exceed official development assistance, yet Sierra Leone lacks mechanisms to tap into this capital. A strategic plan informed by lessons from countries such as Ghana and Ethiopia is needed.

- Creating investment vehicles requires stable macroeconomic conditions. A sound macro environment and functional markets must be in place before launching financial instruments to ensure sustainability and investor confidence.
- While full market readiness will take time, short-term “quick wins” are possible—such as setting up a special-purpose vehicle (SPV) or asset management company tailored for diaspora investors. These can link to projects in the Public Investment Programme³² and demonstrate early success, if they are insulated from political risk.
- The multiplier effects of diaspora investment are significant, but a strong legal framework is essential to provide assurance and long-term sustainability.

³²Sierra Leone National Investment Board. *Project Opportunities Across Strategic Sectors*.
<https://nib.gov.sl/project-opportunities/>

Annex 2: Key Informant takeaways (Private Sector)

The following captures nuanced insights shared during consultations with the private sector. All responses are anonymous and represent the diversity of perspectives gathered across the private sector.

- There is a need for a stronger trust system for diaspora investors. Information asymmetries exist, especially regarding due diligence and getting ongoing updates on project performance. This makes it difficult for investors to see where their money is going and what impact it creates.
- Institutional inefficiencies in the public sector create gaps that private intermediaries often have to fill to help investors navigate the system.
- Most diaspora investments currently occur through informal or closed networks. Structured investment vehicles are needed to absorb the growing appetite for investment. This demand is also driven by the high cost of domestic capital, which limits local access to finance.
- Development funding tends to concentrate on a small number of familiar businesses, leaving other great businesses underfunded. Many local and diaspora-led ventures possess contextual understanding but are still seen as “too risky.” This perception often stems from trust deficits, not from business fundamentals. As a result, capital gets “crowded out” by a few “donor darlings” with established relationships with the funders.
- Passive diaspora investors, those who may not have time to run businesses but have capital, want visibility and assurance in order to invest. They value transparency and impact tracking alongside financial returns.
- Investors often channel funds through subsidiaries in the UK or USA because they distrust domestic financial and legal systems. Diaspora investors share some of these concerns but tend to be more open to solutions that still leverage domestic mechanisms.
- Sierra Leone has sound policies on paper, but implementation remains weak. Few initiatives achieve the intended scale and reach as designed.
- Many diaspora investors are impact-driven. Introducing small-ticket investment opportunities (£5,000–£10,000) through pooling via crowdfunding platforms could help build early trust and demonstrate results before scaling larger investments.
- Returnee investors do not always reside permanently in Sierra Leone. Flexible mechanisms are needed that allow them to invest remotely or periodically, underpinned by trust and transparency systems.
- Remittances are a vital source of inflows. Mechanisms that channel a portion of remittances into productive investments could amplify impact, especially through blended finance arrangements that share risk with institutional partners.
- There is a strong sense of “for us, by us” within the private sector. Diaspora investment is seen as a partnership rooted in shared identity and purpose.
- A pan-African approach to defining diaspora aligns with continental trends.

- The diaspora affairs office has become less visible and proactive compared to previous administrations, with fewer incentives and tangible programmes in place.
- Businesses emphasised that any diaspora investment mechanism should be simple and non-burdensome. Entrepreneurs prefer minimal reporting requirements so they can focus on growth while ensuring investors' expectations are managed.
- Some sectors, such as mining, have relatively clear regulatory frameworks. However, domestic capital mobilisation remains difficult due to limited liquidity in banks and complex loan processes.
- Local firms face competitive disadvantages compared to foreign-owned companies that can easily raise capital abroad. Diaspora investment could bridge this gap by offering local firms access to similar external financing networks.
- There are clear differences between the UK and US diaspora. UK-based investors are generally more conservative, risk-averse, and slower to act, while US-based investors are more entrepreneurial, risk-tolerant, and have greater access to financing.
- Diaspora investment not only creates opportunities but also has broader socio-economic effects, by empowering communities and shifting perceptions.
- Diaspora mobilisation networks in the US are more organised and active, while those in the UK are fragmented and could benefit from coordination. Collaboration between UK and US diaspora networks could scale collective impact.
- Grants and blended instruments can act as confidence builders, reducing perceived risk and attracting follow-on investment, including from the diaspora.
- Microfinance and real estate currently dominate diaspora investments, but new opportunities exist in transportation, trade, and agribusiness.
- Politics and tribalism continue to hinder implementation capacity in the public sector. Establishing a politically neutral agency can sustain investor confidence.
- A diaspora verification system would help distinguish genuine investors, prevent politicisation, and ensure that diaspora engagement adds clear value.
- Diaspora investors can rebrand Sierra Leone's image, acting as ambassadors who demonstrate the country's business potential and credibility.
- There is a risk of grant dependency among SMEs. Strengthening business structures and investment readiness is critical to attract and retain capital. Diaspora investors can offer knowledge transfer and technical assistance, helping ventures adopt best practices and improve governance. Angel networks illustrate how such collaboration can be structured.
- Well-structured diaspora capital can have positive cultural spillovers, inspiring ambition and entrepreneurship. However, politicising diaspora involvement risks reversing this progress.
- Linking diaspora-led ventures already established in Sierra Leone with new diaspora investors could build trust and accelerate investment.
- Interestingly, more knowledgeable investors tend to be more cautious, highlighting the

need for stronger risk mitigation and credible success stories.

- The high cost of living in Freetown remains a deterrent for returnees, especially those with families. Without improvements in healthcare, education, and infrastructure, it will be difficult to attract diaspora returnees.
- Diaspora investors are eager to contribute, particularly in energy and infrastructure, but success depends on local partnerships that combine capital with contextual understanding. Investment should be structured as a mutually beneficial partnership, not a one-sided transaction.
- The ease of doing business in Sierra Leone needs improvement. Streamlining permits, imports, and registration processes—and reducing human interference—would create a more diaspora investor-friendly environment.
- The diaspora has already added value to human capital development, especially in technical sectors like energy. Many have directly supported innovation and professionalisation.
- The energy sector, being capital intensive, would benefit from flexible and patient capital, which diaspora investors are well positioned to provide.
- There is a need to standardise investment procedures across sectors, similar to mining, to improve predictability and investor confidence.
- The diaspora often views Sierra Leone as a place of opportunity, whereas some foreign investors see it as too risky. This mindset difference highlights diaspora's unique risk appetite and long-term orientation.
- The trust deficit in investment is not unique to Sierra Leone but common across Africa. Structured funds and transparent vehicles can mitigate this perception.
- The diaspora should not be treated as a single group; segmentation and targeting are crucial. With their global exposure, diaspora investors can adapt proven models from abroad and localise them effectively.
- Diaspora investment should be viewed as partnership, not charity. It must yield returns and build self-reliance rather than dependency.
- The success of diaspora investment can reshape youth aspirations, showing that prosperity and opportunity can be built in Sierra Leone—helping reduce migration.
- Mutual accountability is essential. Diaspora must also uphold standards of transparency, collaboration, and respect for local partners.
- Mapping diaspora hubs—such as Atlanta, Washington D.C., Toronto, and London—is critical for targeted outreach and engagement.
- The banking sector remains a major bottleneck, with weak support for private sector growth and foreign exchange management. Structural reforms are needed to unlock its catalytic role.
- The broader ecosystem remains underdeveloped, with systemic challenges such as unreliable energy, infrastructure gaps, and market inefficiencies. Creative, context-specific metrics should be developed to measure diaspora investment performance in the ecosystem.

Annex 3: Key Informant takeaways (Development Partners)

The following captures nuanced insights shared during consultations with the development partners. All responses are anonymous and represent the diversity of perspectives gathered across the development partner consultations.

- The government is increasingly focused on mobilising domestic revenue, driven both by shifts in development finance and a desire to deliver results through domestic revenue mobilisation. Business growth is viewed as a path to expand the tax base, and diaspora investment can strengthen that base.
- This report should help the ecosystem sharpen research questions that support traction at the government policy making and enabling environment level.
- Diaspora contributions extend beyond finance. Diaspora investors' exposure to other markets brings networks, quality standards, and know-how, making them ideal partners for both investment and economic development.
- The political economy dynamics are significant in Sierra Leone and diaspora investment should remain impartial and non-partisan.
- The government is improving business and investment processes (e.g., registration, institutional set-ups) but more progress is needed, especially on data and digitisation to attract and retain diaspora investors.
- The enabling environment can deter returnees. Weak service delivery, especially in healthcare and education is a binding constraint, often felt most acutely by female returnees and families.
- A narrative change is needed to shift perceived risk and attract diaspora investors.
- For many SMEs, family-and-friends finance is not viable (i.e they can not bootleg). Diaspora capital can therefore fill early-stage gaps, even at micro/start-up level.
- Targeting must be segment-specific. Sierra Leone needs mechanisms to identify and mobilise distinct diaspora segments as social and intellectual capital. For instance, engaging “retired but not tired” diaspora with deep business experience can help unlock additional investment.
- Fund vehicles are often purely financial; diaspora-focused fund models remain underexplored, yet the financials suggest there are workable, non-dilutive options.
- The Indian community offers a useful example of long-term diaspora impact—leveraging extended networks and expertise to build high-impact businesses.
- Politicisation of diaspora engagement (e.g., tribalism-driven appointments) creates skills mismatches and negative perceptions.
- A uniform national definition of “diaspora” is needed to reduce politicisation and increase accountability.
- Equity finance is poorly understood by SMEs in Sierra Leone. Investment literacy is needed to broaden uptake of equity.
- The timing is right: diaspora contributions are emerging as a distinct class of capital, combining social, intellectual, and patient monetary capital.

- Quick wins are possible such as recognising foreign credit histories domestically to better assess diaspora creditworthiness.
- Typical investors price unknowns as a risk premium; diaspora, with contextual understanding, may perceive lower risk and engage earlier.
- Designing diaspora-linked mortgage products could be highly catalytic.
- Diaspora bonds have potential and are being explored, but they need clear legal frameworks and operational mechanisms.
- Sierra Leone must identify diaspora hubs and build a targeting roadmap. Remittance data and DNA-citizenship programmes are starting points for diaspora mapping.
- Technical support often transfers more easily than capital; however, clear financial transfer mechanisms are needed to unlock broader diaspora investment.
- Private sector SDG-aligned innovations, especially in energy, trade value chains, and food security, are upcoming in Sierra Leone and should be attractive to diaspora investors.
- There is genuine government appetite for diaspora investment. Diaspora may already be indirectly exposed to T-bills via banks/discount houses, though individuals cannot purchase directly.
- The previous Diaspora Affairs Office was more active; current signals and incentives are less visible, creating uncertainty about the overall stance.
- In agriculture, access to finance is the core constraint. Strengthening remittance–agriculture linkages could channel flows into productive investment, where remittances are already being sent to the sector by the diaspora.
- Too many development actors compete for the same enterprises, creating “donor darlings”. Diaspora investment can diversify funding sources and due diligence models.
- Local partners often know systems better than returning diaspora. Linking diaspora investors to credible local infrastructure helps generate productive partnerships.
- Identifying priority needs and incentivising diaspora to address them, will help to avoid ad-hoc engagement and ensure investments align with national priorities.

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