

The **Danish Refugee Council (DRC)** is Denmark's largest NGO. Founded in 1956, we assist refugees and displaced people, safeguarding rights and supporting self-reliance across the humanitarian-development-peace nexus. DRC works with displaced and host communities, delivering support in four core sectors: Protection; Economic Recovery; Humanitarian Disarmament & Peacebuilding; and Shelter, WASH, and Infrastructure.

## Diaspora Economic Engagement

### Our Approach and Impact

As humanitarian crises intensify and funding declines, traditional aid models are struggling to keep pace with accelerating displacement driven by conflict, climate shocks, and economic collapse. In this context, diaspora actors play an increasingly vital role in mitigating prolonged vulnerability and preventing long-term socio-economic exclusion.

Through remittances and collective resource mobilisation, diaspora actors are critical drivers of economic recovery and resilience. They sustain households, strengthen local markets and livelihoods, and bridge emergency response with long-term recovery. Beyond individual transfers, diaspora communities mobilise collective resources through crowdfunding, philanthropy, investment, and private sector partnerships, creating adaptive and locally rooted economic solutions.

Building on its experience and leadership in diaspora engagement, DRC works closely with country operations to harness diaspora economic engagement through innovative and scalable models. Aligned with DRC's Economic Recovery Strategy and the humanitarian–development–peace nexus, DRC strengthens the role of diaspora actors in addressing immediate humanitarian needs while reinforcing local capacities, markets, and livelihoods to promote self-reliance and long-term resilience.

### What does DRC deliver?

Guided by DRC's Economic Recovery Strategy, DRC connects diaspora resources with local economic systems to support the transition from assistance to self-reliance. Through diaspora economic engagement, DRC delivers integrated support across three core areas:

#### Remittances as drivers of economic resilience

DRC links remittance flows to local markets and financial services, enabling recipients to invest in entrepreneurship, job creation, and sustainable

#### Leveraging Diaspora Support to Community Efforts

DRC enhances diaspora funding through crowdfunding, philanthropy, and community-led mechanisms, connecting diaspora actors with local

#### Diaspora and Innovative Finance

DRC facilitates partnerships between diaspora networks and private sector actors to develop blended finance models, social enterprise investments, and

livelihoods, thereby strengthening household resilience and local economic systems.

partners to support both emergency response and long-term recovery.

inclusive financial solutions that expand economic opportunities and financial inclusion in displacement-affected contexts.

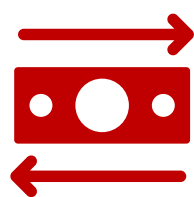
Together, these areas contribute to DRC’s economic recovery objectives by expanding financial inclusion, strengthening localization and community agency, advancing innovative finance, and integrating diaspora resources into cash and group-based transfer mechanisms that support basic needs and livelihoods.

## How DRC delivers

DRC operationalizes diaspora economic engagement through integrated expertise, global partnerships, and innovation-driven programming.

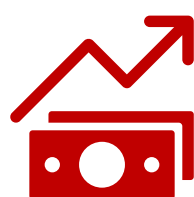
- ⇒ **Integrated expertise and partnerships:** We bring together DRC’s strengths in economic recovery, innovation, and localization, supported by a dedicated team of diaspora advisors who work closely with country operations and diaspora organizations to co-design and implement context-specific solutions.
- ⇒ **Innovation in action:** DRC identifies, and pilot models that channel diaspora financial flows such as remittances, crowdfunding, and investment, into sustainable economic recovery initiatives. This approach is grounded in continuous learning, adaptive programming, and evidence generation.
- ⇒ **Research, innovation, analysis and learning:** DRC strengthens the evidence base on diaspora economic engagement through context-specific field research and analysis in countries such as Afghanistan, Ethiopia, Kosovo, Lebanon, and , Somalia and collaborates with academic institutions, including the Danish Institute for International Studies (DIIS), to inform policy and practice.

Our work is grounded in continuous learning, adaptive models and experimentation—building an evolving inventory of scalable, diaspora-supported solutions:



### **Diaspora Funding Mechanism – *Diaspora Project Support (DiPs)***

The DiPs mechanism supports hybrid diaspora–local partnerships to implement humanitarian and development projects in hard-to-reach contexts, particularly in Afghanistan and Somalia. Between 2022 and 2025, diaspora-led projects reached 17,632 people, with 65% of beneficiaries in 2024 being women, highlighting the targeted impact of diaspora engagement in high-risk contexts.



### **Remittances Top-Up Model**

In 2020, DRC piloted a cost-sharing model in the Somali region of Ethiopia, co-investing with diaspora-supported entrepreneurs and providing entrepreneurship training. The initiative helped create 100 micro, small, and medium-sized enterprises among vulnerable refugees and host communities.



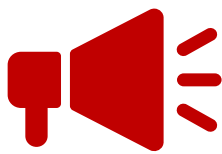
### **Remittance-Based Credit Facility**

Harnessing crowdfunding to mobilize support for emergency response and humanitarian action, and with support from FCDO's H2H mechanism, the initiative was piloted in Lebanon and DR Congo. Through tailored capacity-building training for diaspora groups on effective crowdfunding strategies—leveraging DRC fundraising toolkits and resources and connecting them with local actors on the ground—this approach contributed to strengthening the skill set of diaspora-led organizations, enabling them to mobilize funds more effectively.



### **Diaspora Crowdfunding**

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### **Mobilizing Diaspora Volunteer Groups through Financial Micro-Grants for Community Action**

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## **The Role of the Afghan Diaspora**

In our recent research: "The Role of the Afghan Diaspora in Mobilising Support to Emergency and Recovery Efforts" we showcase how the diaspora plays a central role in Afghanistan. With remittances now above institutional aid with more than 2 billion USD, Diaspora are the primary source of both relief and investments. In this specific research, we look at the case of diaspora fund mobilization for the 2023 Herat Earthquake response spanning emergency, recovery, and reconstruction, with diaspora often using innovative funding models, such as crowdfunding, blockchain technology, and cryptocurrency.

**Contact Information:** Adrien Bory | Global Diaspora Advisor | [adrien.bory@drc.ngo](mailto:adrien.bory@drc.ngo) | [drc.ngo/diaspora](https://drc.ngo/diaspora)  
Monika Grinschgl | Emergency Coordinator | [monika.grinschgl@drc.ngo](mailto:monika.grinschgl@drc.ngo) | [drc.ngo/diaspora](https://drc.ngo/diaspora)