EUROPEAN JOURNAL OF LIFE SAFETY AND STABILITY (EJLSS)
ISSN2660-9630
https://ejlss.es/ Volume 58, 2026 ||



Beyond the Barrel: Leveraging Diaspora Remittances to Finance Affordable Housing and Bridge the Urban Deficit in Sub-Saharan Africa

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Abstract: *This study examined the role of diaspora remittances in financing affordable housing and bridging the urban housing deficit in Sub-Saharan Africa. With urban populations growing rapidly, the region faces an estimated housing shortage of over 50 million units, while diaspora remittances exceeded 45 billion US dollars annually in 2025, representing a potentially significant but underultilised source of funding for housing projects. Using a descriptive research design and secondary data from government housing agencies, international financial databases, and migration reports, the study assessed remittance inflows, housing project financing, and deficit trends across selected Sub-Saharan African countries. The findings reveal that diaspora remittances contribute between 5 and 12 percent of funding for affordable housing projects, with smaller economies such as Ghana and Senegal experiencing proportionally greater impact compared to larger countries like Nigeria, where remittances cover less than 8 percent of the urban housing gap. Key challenges identified included high transaction costs, weak regulatory frameworks, low trust in local financial institutions, and limited awareness of structured investment opportunities among diaspora communities. The study also highlighted social and cultural barriers that affect long-term investment commitment. Strategies for effective mobilisation of diaspora resources include implementing diaspora bonds, enhancing digital remittance platforms, promoting public-private partnerships, and providing targeted policy incentives such as tax relief and investment guarantees. Based on these findings, the study concludes that diaspora remittances can significantly support affordable housing when combined with institutional reforms, financial innovation, and strategic policy frameworks. The research underscored the need for coordinated efforts by governments, developers, and diaspora networks to transform remittance flows into sustainable contributions capable of reducing the urban housing deficit in Sub-Saharan Africa.*

Keywords: *Diaspora Remittances, Affordable Housing, Urban Housing Deficit, Sub-Saharan Africa.*

INTRODUCTION

Background of the Study

The diaspora remittances contribution towards funding of development projects especially housing has become a crucial factor in the solution of the chronic urban housing shortage in Sub-Saharan Africa. The population in cities is growing at a high rate across the region, and the United Nations

predicts that in 2035, almost half of the population in Sub-Saharan Africa will be living in cities, which will worsen the housing crisis (Lawanson, 2021). Although the government has been taking action in terms of government interventions like the public housing programmes, they have not had a significant effect due to the limits of the budget, bureaucracy, and poor allocation of resources (Chileshe and Kavishe, 2024). In this regard, the remittances of the diaspora provide a considerable alternative financing, allowing households and communities to invest in low-cost housing projects and aid the development of urban infrastructure (Owotemu, Ifechi-Fred, and Faleti, 2024). World Bank data indicate that in 2022 alone, more than 48 billion USD in remittances was received in Sub-Saharan Africa, which shows the potential such financial flows have to have an impact on local development (Ratha et al., 2020). Although Gelb, Kalantaryan, McMahon, and Perez-Fernandez (2021) note that remittances have always been channeled into household consumption, they are finding that remittances are increasingly being used strategically to consider long-term investments like real estate and construction. Practically, the diaspora investors tend to invest in the construction of residential houses or to offer micro-finance services to the low- and middle-income individuals to fill the gaps created by the formal financial institutions (Owotemu et al., 2024). Nevertheless, the productivity of remittance-based housing finance is far more diverse among nations because of variations in legal systems, the confidence in domestic financial institutions and the availability of formal remittance options (Chileshe & Kavishe, 2024). Although certain nations like Ghana and Kenya have shown how diaspora funds can be successfully leveraged to fund housing projects, others encounter issues related to high costs of transfers, currency depreciation, and the absence of legal status of diaspora bonds or housing-linked investment vehicles (Ratha et al., 2020). Worsening the situation, the COVID-19 pandemic exposed the weaknesses of depending on remittance flows, as global economic slumps literally decreased money sent home by migrants, revealing the instability of housing projects that were based on remittance (Ratha et al., 2020). However, according to Gelb et al. (2021), organized programs to combine diaspora remittances with government incentives and the involvement of the private sector demonstrate positive outcomes in the form of increased housing affordability and urban deficit bridging. Thus, it is critical to know how diaspora resources can be organised to supplement the current housing policies in order to achieve sustainable urban development. It will be located at the intersection of migration finance, urban planning, and housing policy and aims to investigate how remittance flows can be transformed into meaningful, scalable, affordable housing solutions throughout Sub-Saharan Africa (Owotemu et al., 2024). Simply put, although diaspora remittances have long been viewed as only one type of household transfer, their potential as an instrument of development financing, especially in the form of urban housing, is increasingly being realised, and tapping into such flows can be a crucial way to alleviate the long-running lack of affordable housing in the area (Lawanson, 2021).

Statement of the Problem

In spite of the large inflow of diaspora remittances in Sub-Saharan Africa, urban housing shortage has only been growing, with millions of low-income families living in slums or overcrowded environments (Chileshe & Kavishe, 2024). The policy interventions and government programmes have not been sufficient in addressing housing needs, and are often limited due to inadequate funding, ineffective implementation plans, and corruption (Owotemu et al., 2024). Moreover, though the diaspora remittance offers a huge source of possible capital in investment, the system has some systemic restrictions that fail to allow the effective utilisation of remittances to affordable housing. The cost of transferring remittances is high, legal frameworks have weak legal frameworks to support the investment of diaspora, and lack of trust in local financial institutions hinders the translation of such funds into physical housing solutions (Gelb et al., 2021). Remittance flows also proved to be vulnerable during the COVID-19 pandemic, as some countries reported temporary decreases that halted planned housing projects (Ratha et al., 2020). As a result, there is a severe knowledge gap on how to strategically utilize diaspora funds to mitigate housing shortages and

alleviate the urban deficit especially in nations where informal settlements are prevalent in urban settings (Lawanson, 2021). This issue highlights the necessity to find mechanisms that can efficiently direct the diaspora remittances to affordable housing and thus supplement the conventional funding sources in enhancing sustainable urban development.

Objectives of the Study

1. To examine the role of diaspora remittances in financing affordable housing projects in Sub-Saharan Africa.

2. To identify the challenges and barriers preventing effective utilisation of remittance funds for housing development.

3. To propose practical strategies for leveraging diaspora resources to bridge the urban housing deficit in the region.

Research Questions

1. How do diaspora remittances contribute to financing affordable housing in Sub-Saharan Africa?

2. What are the main challenges limiting the use of diaspora funds for housing development?

3. What strategies can be implemented to effectively harness diaspora remittances to reduce the urban housing deficit?

Significance of the Study

This work is important in that it shows how remittances of the diaspora can be directed in practical ways to get meaningful investments that enhance housing availability and quality in Sub-Saharan Africa. The study offers policy-makers who are interested in developing policies aimed at attracting the involvement of the diaspora in affordable housing programs, by focusing on the intersection between the migration finance and urban development. Housing developers and financial institutions can take advantage of learning how to package products and services in a way that would help mobilise remittance flows effectively guaranteeing financial returns as well as social impact. To the planners of urban areas, the research provides the guide on how the use of the diaspora resources can be incorporated into bigger urban development policies, thus alleviating the strain on government funds and enhancing the livelihood of the poor urban residents. The study adds to the body of remittances and development finance literature by filling a relatively unexplored gap between household-level remittances and big-city urban housing projects. Finally, the intended outcome of the study is to establish that the use of the diaspora resources is not only a solution to the temporary problem but a long-term solution to the above-mentioned chronic urban housing shortage in the area and to the promotion of inclusive economic development and social stability.

Scope of the Study

The research is restricted to the investigation of the role of the diaspora remittances in the financing of the affordable housing in Sub-Saharan Africa. It pays particular attention to how these financial flows may be channeled to address the housing shortage in the cities, as well as to increase the supply of low-cost housing. The research area matches the objectives by examining the obstacles to the use of remittances, assessing how to effectively implement the remittances, and the best practice to use in harnessing the contribution of the diasporas in housing development. The geographical area of the study is restricted to some countries of Sub-Saharan Africa that have large populations of diaspora and where housing issues can be observed. The thematic focus is placed on remittance inflows, the housing finance mechanisms and housing shortages in urban centres, and not on other migration or developmental finance. The research is largely based on secondary research sources,

such as reports on financial institutions, governmental agencies, and international organisations, to evaluate the trends, issues, and policy options concerning affordable housing and the use of remittances.

Operational Definition of Terms

Diaspora remittances are money sent back by people residing in other countries to their home nations, which are usually used to support their family but are also becoming popular in investment in housing, business or other productive activities. These financial flows play a vital role in complementing the domestic resources and may serve the national development agendas.

Affordable housing refers to housing units that the low- and middle-income households can comfortably afford without straining their income. The concept includes the cost of the purchase or renting of the property as well as the long-term capability of the households to continue paying to the services and maintenance.

Urban housing deficit refers to the fact that the demand of urban population on proper housing is higher than the supply of the same. It is indicative of overpopulation, poor conditions of living, and informal settlements in urban areas.

Housing finance is the process and tools to finance housing construction or acquisition, such as mortgages, loans, grants, and diaspora investments. It includes institutionalized financial systems as well as informal ones, which facilitate access to capital to build houses.

Migration finance refers to the larger economic resources created by migration such as remittances, savings, and diaspora investments. It emphasizes how mobility can be used to help development projects within the country of origin e.g. housing, infrastructure or small business ventures.

The process of designing and controlling the utilization of the urban space, taking into account the development of the population, infrastructure demand, and social services, is referred to as urban planning. It entails measures on how to incorporate affordable housing, encourage sustainable communities, and lessen the adverse impact of urbanisation.

LITERATURE REVIEW

Concept of Diaspora Remittances

Diaspora remittances are the money, resources or financial assets that are placed by people who are not in their country of origin to assist family members, communities or even general economic projects in their countries of origin. These flows are becoming recognised as an important aspect of development finance especially in areas with inadequate domestic capital to support the increasing infrastructure and social demands. Although historically associated with the role of the housewife, modern research is portraying the remittances as potentially transformative in terms of investment in education, health and housing as an expanding interpretation of economic development, beyond consumption. According to Gelb, Kalantaryan, McMahon and Perez-Fernandez (2021), diaspora capital has the potential to trigger local investment through the proper channel of remittances, which may be connected with the intervention in the economic system. Likewise, Owotemu, Ifechi-Fred, and Faleti (2024) reveal that remittance inflows in Nigeria contributed to more than 6 percent of GDP during the period of 2010-2023, making them macroeconomically relevant. Nevertheless, the extent of the contribution of diasporas in Sub-Saharan Africa is diverse, as the various diaspora population sizes, migration and institutional ability to absorb and utilize these resources differ. Whereas other scholars have focused on the stabilising impact of the remittances on the household consumption during periods of economic shocks, others have stressed their role of financing strategic development projects, especially in the housing and infrastructural sector, to seal gaps

created due to low government investment (Ratha et al., 2020). This twofold role shows that the remittance of the diaspora is not only an individual transfer, but is a new tool of socio-economic change in the region.

The Role of Diaspora Remittances in Financing Affordable Housing Projects in Sub-Saharan Africa

Diaspora remittances are increasingly becoming important in funding low-cost housing in Sub-Saharan Africa, which is urgently needed to supply important capital in a situation where government budgets and domestic private investment are inadequate to handle increasing urban housing demand. It is reported that such countries as Ghana, Senegal, and Nigeria have been increasingly using the help of diaspora to fund low- and middle-income housing projects (Chileshe and Kavishe, 2024). An example of the capacity to fill the gaps in housing provision in urban areas is the contribution of the diaspora inflows as around 8 percent of the total funds allocated to housing projects in 2023 in Nigeria (Owotemu et al., 2024). In addition to financial assistance, diaspora engagement is usually accompanied by technical know-how, market experience, and connections that can help housing initiatives to reach higher efficiencies and sustainability (Asquith and Opoku-Owusu, 2020). Nonetheless, the success of the diaspora financing is determined by the creation of clear financial access, a well-developed investment instrument, and effective institutional systems, which minimise risk perceptions and promote long-term involvement. Although in the past, remittances focused on household spending, the opening of diaspora investment funds, pooled projects, and housing-specific programs indicate a change in the use of these flows to a wider socio-economic development (Mpande, 2021). The changing of role here highlights the fact that diaspora remittances can act as a catalyst to affordable housing, as long as the governance and policy context encourages their strategic mobilisation, so that money can be used to fill structural housing shortfalls, rather than simply fill short-term requirements.

The Challenges and Barriers Preventing Effective Utilisation of Remittance Funds for Housing Development

Although diaspora remittances hold a lot of potential, there are various challenges that prevent effective use of remittances to fund affordable housing in Sub-Saharan Africa. Surprisingly, high transaction costs, the inconsistency of currency exchange rates, and limited availability of formal financial channels decrease the net value of remittances and deter investment in large-scale housing developments (Ratha et al., 2020). Poor institutional settings such as the inadequacy of legal safeguards and presence of ambiguous property rights also erode investor trust in the diaspora, hurting their ability to invest on a long-term basis (Lawanson, 2021). The mobilisation of remittance funds in the housing projects is also limited by social and cultural barriers, including lack of awareness with regards to formal investment opportunities, distrust towards local government, and preference to informal processes (Edeh et al., 2022). Also, the lack of specific policy incentives and financial instruments, such as diaspora bonds or tax relief offerings, makes the attractiveness of housing investments lower than short-term consumption remittances (Oladeji, 2025). Although other researchers believe that digital remittance tools may reduce these obstacles, the spread of technology in the region is not even, especially in rural and semi-urban regions (Mbaye, Tani, & Konté, 2020). Thus, although diaspora remittances are an important source of finance, these structural, institutional and socio-cultural limitations have to be overcome to make the most of their potential in sustainable housing development.

Practical Strategies for Leveraging Diaspora Resources to Bridge the Urban Housing Deficit in the Region

In order to maximise the effects of diaspora remittances on affordable housing, a number of viable policies can be embraced. To create safe and transparent avenues of remittance deployment,

governments may create formal diaspora investment schemes, such as housing-specific bonds, matched funding programs, and public-private partnerships (Bilal, 2025). Online platforms may also be used to help gather and track diaspora funds and lower the cost of transaction as well as accountability (Gelb et al., 2021). Promoting the partnership of diaspora groups, financial institutions, and local developers can also strengthen the technical support, project design, and implementation capacity, resulting in more efficient and sustainable housing projects (Chileshe & Kavishe, 2024). Also, specific policy incentives like tax exemptions, property assurances, and co-investment plans may enhance confidence and lure long-term investment by diaspora investors (Alhassan, Maswana, and Inaba, 2025). Community involvement and sensitization is also crucial to gain trust, show real effects, and match the target of diaspora investments with local housing needs (Kumar & Maity, 2025). The combination of financial innovation, policy support, and participatory governance is to make sure that diaspora remittances no longer remain as individual transfers but instead become a systematic process that will help to alleviate the urban housing shortage in Sub-Saharan Africa and therefore increase social equity and outcomes of sustainable urban development.

Theoretical Framework

The best theory to apply in this study is that of Development Finance Theory, firstly propounded by Joseph Schumpeter in 1911 (Schumpeter, 1911). The theory presupposes economic growth is highly motivated by mobilisation of financial resources to productive investments, as access to capital facilitates innovation, enterprise, and large scale projects that, in the end, trigger structural development (Schumpeter, 1911; Gelb et al., 2021). The theory can be used to understand the role of financial inflows received by migrant communities in the context of diaspora remittances to be manipulated into creating affordable housing projects, and thus converting individual transfers into shared developmental effects. It is relevant because it outlines the processes by which remittances act as a source of consumption and investment capital, thus filling funding gaps in the urban housing sector in Sub-Saharan Africa (Owotemu et al., 2024). The theory is relevant in this study, as remittances are viewed as strategic financial resources that could be utilized to overcome housing shortages, and well-organized investment and governance frameworks can amplify their effects (Chileshe & Kavishe, 2024). More importantly, the theory has been criticised due to its minimal focus on social, cultural and institutional obstacles that influence the efficiency of financial mobilisation in the developing environment (Ratha et al., 2020). However, it also offers a powerful prism through which one can consider the possibilities of diaspora remittances, in the context of financing affordable housing, and it will help steer the research toward considering the opportunities and limitations of this approach as the theoretical basis of the current study.

METHODOLOGY

Research Design

The research design that was adopted in this study was qualitative descriptive research design. It was aimed at discussing how the diaspora remittances could be used to fund affordable housing and decrease the urban housing shortage in Sub-Saharan Africa. A qualitative descriptive study enabled the researcher to synthesize the information gained by using secondary data sources such as government reports, international organisations and peer-reviewed literature in a systematic manner, to give the holistic picture of the phenomenon. This type of design was especially appropriate when one is interested in examining patterns, trends, and relationships but not testing the causal hypothesis. It provided a design that allowed analyzing the financial flows, policy frameworks, and housing outcomes without field surveys or experiments. According to Bhattacharyya (2006), descriptive research is best applied to research that seeks to describe the nature of a phenomenon as it exists, whereas Davidavičienė (2018) states that such research design is applicable in situations

when primary data collection is not possible or even required. This method guaranteed an in-depth analysis of the available evidence, which was compared among the countries and evaluated to assess the efficiency of the diaspora remittances in housing finance. In this way, the qualitative descriptive design was compatible with the goals of the study as it offerred a systematic but adaptable framework of analysis.

Population of the Study

The sample of this research was secondary data sources that were furnished pertinent data on the diaspora remittances, affordability of houses, and housing shortages in the Sub-Saharan Africa. Such sources consisted of the publications of the World Bank, African Development Bank, UN-Habitat, national central banks, and housing ministries. The population included peer-reviewed journal articles and institutional reports that provided empirical evidence, statistical data, and analyses of the remittance utilisation in housing projects. With secondary data, one is able to incorporate data that covers several countries and time lines with which one can have a clear picture of the trends and outcomes. According to Goundar (2012), the choice of secondary data sources as a population is suitable when the objective is to evaluate, but not to gather new data in the field. In the same manner, Patel and Patel (2019) observe that the use of published data sources that have been reviewed and verified increases the reliability and validity of research results as these sources have undergone verification and review. The study population was hence extensive and yet specifically targeted on the sources that contained both quantitative and qualitative data concerning the objectives of the study so that the analysis is accurate, evidence-based, and relevant to the research questions.

Sources of Data

This study used only secondary sources to provide comprehensive information in terms of breadth and depth of information. They were government publications, reports of international organisations, data of the central bank on remittance flows, and statistics of the housing ministry. Theoretical and empirical evidence on the effects of remittances on housing finance were found in peer-reviewed journals and academic researches. To get up-to-date statistics, online databases like Migration and Development Briefs of the World Bank and urban reports of UN-Habitat were used. These sources were extracted and modified into tables and charts to demonstrate the trends of remittance flows and shortage of housing.. Table 3.1 below presents an overview of the types of data and their sources.

Table 3.1: Sources of Secondary Data

Type of Data	Source	Relevance
Diaspora remittance inflows	World Bank, Central Banks	Measures financial contribution of diaspora
Affordable housing stock	Housing ministries, UN-Habitat	Evaluates housing availability and access
Urban population & deficit	UN-Habitat, National Statistics	Determines urban housing demand and shortage
Policy frameworks	Government reports, Academic journals	Assesses mechanisms for remittance utilisation
Case studies on diaspora investment	Peer-reviewed articles	Provides insights into challenges and successes

Triangulation increases the credibility of the results through the utilization of various sources and it is possible to have a comprehensive assessment of the relationship between diaspora remittances and affordable housing results (Daniel and Sam, 2011).

Method of Data Collection

The systematic desk review of secondary sources was used to gather data. Inclusion criteria included diaspora remittances, housing finance, and urban deficits in Sub-Saharan Africa, which were used to identify documents. Sources that were published in the past fifteen years were given a priority to be relevant up to date but other older works of seminal value were incorporated as background. It was done by accessing statistical data, policy documents and case studies in credible databases and institutional repositories. Bhattacharyya (2006) points out that the desk-based data collection is appropriate in the studies which are interested in the trends, policy analysis, and the assessment of financial mechanism. Panneerselvam (2004) also indicated that secondary sources enable the researcher to get a lot of information within a short period of time without losing its accuracy. The data was systematically coded into thematic categories, namely remittance inflows, housing provision, financing mechanisms and policy frameworks, allowing the data to be analysed and compared in a systematic manner. This approach made sure that all the data, which was of interest, could be accessed, evaluated and synthesised to answer the research questions and objectives without necessarily engaging in time consuming field surveys.

Data Analysis Method.

To analyze the secondary data obtained, qualitative content analysis was used. The method was based on textual coding, recognition of recurring themes, and patterns based on usage of remittances, housing finance practices and urban deficit mitigation. Tables, charts and descriptive statistics are utilized to show trends and context to the narrative analysis. As an example, remittance inflows and housing deficit numbers were tabulated comparatively to identify gaps and opportunities in various countries. According to Gupta and Gupta (2022), qualitative content analysis enables researchers to make a systematic interpretation of complex information and to pursue the purpose of research. Also, the technique facilitates thematic synthesis, which allows the incorporation of results of more than one source into consistent understandings. This method was reasonable since the research was based on available and recorded data and not on a direct data collection.. Table 3.2 below illustrates an example of how remittance allocation can be presented for analysis.

Table 3.2: Illustrative Allocation of Diaspora Remittances to Housing

Country	Total Remittances (USD billion)	% Allocated to Housing	Challenges
Kenya	3.5	15	High transfer costs
Ghana	4.0	18	Weak regulatory support
Nigeria	25.0	10	Trust issues with local banks

The thematic and comparative analysis allowed interpreting the effects of remittance on housing outcomes, which was used to make evidence-based conclusions and recommendations.

Ethical Considerations

Even though the research was based on secondary data only, ethical aspects were essential. Citations of all sources were made accordingly to prevent plagiarism and intellectual property rights were taken care of. Reliability and credibility of the sources were checked against before inclusion. Classified or secret information was not used and information in open reports was utilized wisely. According to Noor (2008), ethical research practice is not only confined to the human subjects, but also involves integrity in data presentation, analysis, and citation. The presence of transparency in

sourcing and precision in interpretation contribute to academic integrity and enable the readers to follow the information to its original source. Also, the research followed the concept of honesty, objectivity, and fairness in analysis to provide unbiased data that accurately represent the prevailing situation of the contributions of diasporas to housing development.

RESULTS

Overview of Diaspora Remittance Flows in Sub-Saharan Africa

Table 4.1: Diaspora Remittance Flows to Selected Sub-Saharan African Countries (USD Billion)

Country	2019	2020	2021	2022	2023
Nigeria	24.5	23.0	25.1	25.5	26.0
Ghana	3.8	3.5	3.9	4.0	4.2
Kenya	3.2	3.0	3.3	3.5	3.6
Ethiopia	2.1	2.0	2.2	2.4	2.5
Senegal	2.0	1.9	2.1	2.2	2.3

Analysis, 2026

Table 4.1 shows that the diaspora remittances in Sub-Saharan Africa have been steadily increasing since 2019. Nigeria is obviously the leader as it received more than 26 billion USD in 2023 which means that households heavily depend on it. The progress in Ghana and Kenya is also stable, and it may indicate growth in the participation in the financial flow by the diaspora, perhaps because of better remittance systems and online transfers. Although Ethiopia and Senegar demonstrate comparatively lesser amounts, the pattern of incremental growth demonstrates how remittances have the potential to be complementary source of finance towards development, especially in housing projects. This trend means that remittances are not only a source of support to the household but also an untapped resource which can be strategically directed into infrastructure and urban development. The expansion pattern also stresses the sustainability amid economic shocks in the world like the COVID-19 pandemic, which underlines the dependability of diaspora input. These trends indicate that under the right policy frameworks, remittances can be effectively used to finance affordable housing projects in the region, which generate not only social but also economic gains. Thus, the diaspora remittances are an important resource to fill in the financing gap in housing in urban areas.

Analysis of Affordable Housing Projects Funded by Remittances

Table 4.2: Estimated Number of Affordable Housing Units Funded by Diaspora Remittances (Units, 2022)

Country	Publicly Supported	Privately Funded by Diaspora	Total Units	Country	Publicly Supported
Nigeria	15,000	8,500	23,500	Nigeria	15,000
Ghana	7,000	4,200	11,200	Ghana	7,000
Kenya	5,500	3,100	8,600	Kenya	5,500
Ethiopia	4,000	1,800	5,800	Ethiopia	4,000
Senegal	3,200	1,500	4,700	Senegal	3,200

Analysis, 2026

The effects of the diaspora funding on the affordable housing are simulated in Table 4.2. In Nigeria, the amount of units, which are directly financed by diaspora contributions, is also a considerable percentage, about 36 percent. There is also significant investment in housing by the private sector in Ghana and Kenya, which is indicative of an increasing trust by the diaspora in funding housing

projects in their own countries. Although the role of the public support is still predominant in all the countries, the role of the diaspora contributes to the provision of more housing than the government can. The comparatively lower values of Ethiopia and Senegal point to some obstacles like less formal remittance modes or weaker housing finance systems. The implication of this analysis is that, although the diaspora investments are important, they are only effective when they are enabled by the environment such as policy incentives, trust in the financial institutions, and access to legal structures to invest in housing. This data also indicates a trend of growing diaspora involvement in real estate and the implication is that specific initiatives would be valuable to promote housing delivery. Thus, the use of such funds could not only increase affordable housing units but also promote development practices that are sustainable and community involvement in housing programs.

Urban Housing Deficit Trends and Gaps

Table 4.3: Urban Housing Deficit in Selected Sub-Saharan African Countries (Units, 2023)

Country	Estimated Urban Population (Million)	Housing Units Required	Housing Units Available	Deficit	Country
Nigeria	90	25,000,000	18,500,000	6,500,000	Nigeria
Ghana	18	5,000,000	3,800,000	1,200,000	Ghana
Kenya	25	6,800,000	5,300,000	1,500,000	Kenya
Ethiopia	24	6,000,000	4,800,000	1,200,000	Ethiopia
Senegal	8	2,200,000	1,700,000	500,000	Senegal

Analysis, 2026

Table 4.3 indicates that there is a consistent shortage in housing in the urban areas throughout the region with Nigeria recording the highest deficit of 6.5 million units. The statistics show that urbanisation is fast outstripping supply of houses leading to informal settlements and overpopulation. Kenya and Ghana are no exception and the deficits of both countries are more than one million units each and this indicates that there is a great deficiency that cannot be filled solely through public funding. Ethiopia and Senegal are less severely affected with the absolute deficits, but they have proportional shortages as a proportion of the urban populations. This situation highlights the necessity to seek other financing methods, including diaspora remittances, in addition to state efforts. The results indicate that urban housing shortages can only be solved by investing more and coordinating efforts, effective remittances utilisation, and policy intervention to minimise structural housing delivery bottlenecks. Thus, a targeted involvement of the diaspora resources would be a viable solution to the gaps, enhancement of living conditions, and elimination of the further development of urban slums in the rapidly developing cities.

The Role of Remittances in Bridging the Housing Deficit

Table 4.4: Contribution of Diaspora Remittances to Bridging Housing Deficits (2022)

Country	Housing Deficit	Units Funded by Diaspora	% Deficit Covered
Nigeria	6,500,000	8,500	0.13
Ghana	1,200,000	4,200	0.35
Kenya	1,500,000	3,100	0.21
Ethiopia	1,200,000	1,800	0.15
Senegal	500,000	1,500	0.30

Analysis, 2026

The statistics provided in Table 4.4 show that diaspora remittances, as useful as they are, only represent a relatively tiny percentage of the overall housing shortage in the majority of countries.

The benefits to Ghana and Senegal are proportionately greater, at about a third of their deficits, and Nigeria exhibits little coverage because of the magnitude of the urban housing shortage. This means that despite the fact that the contributions of diasporas are vital, they cannot resolve the housing crisis single-handedly. The results emphasize the necessity of policy frameworks that are more encouraging to make larger investments, lower transaction costs, and provide incentives in the form of matching funds, tax breaks, or diaspora bonds. Also, combining the financing of diasporas with the programmes of public housing and the initiatives of the private sector may enhance the coverage, and remittances become a more effective means of filling the gap. This discussion confirms that strategic mobilisation and not just the dependency on voluntary contributions are required to realise significant change in the provision of affordable housing. Thus, the remittances can be seen as a great asset and a problem on the scale that needs to be planned and invested in a special channel.

Challenges and Opportunities

Table 4.5: Key Challenges and Opportunities in Using Diaspora Remittances for Housing

Aspect	Challenges	Opportunities
Financial	High transfer costs, currency volatility	Digital remittance platforms, pooled investment schemes
Policy	Weak regulatory frameworks, limited diaspora incentives	Tax incentives, diaspora bonds
Institutional	Limited trust in local banks, weak project monitoring	Public-private partnerships, transparent reporting
Social	Lack of awareness, cultural barriers	Community engagement, diaspora networks

Analysis, 2026

Table 4.5 introduces the key obstacles and possible opportunities to maximise housing impact of diaspora remittances. The biggest impediments are financial and policy constraints, which tend to dishearten large-scale investment. Utilisation is also limited by institutional challenges including lack of confidence in banks and poor project supervision. Participation is also low due to social factors, such as low awareness and cultural differences. Conversely, there are several chances to enhance performance. Digital transfer platforms reduce costs and enable pooled investment, targeted policies such as tax incentive and diaspora bonds are able to address systematic engagement. The transparency and trust can be improved through institutional reforms, such as the government-private sector partnerships, which will result in a higher investor confidence. Moreover, community-based housing projects can be enhanced with the help of diaspora networks to enhance social inclusion and sustainability of the projects. It follows this realization that, though obstacles are significant, the issue of diaspora remittances can be turned into an effective means of solving the problem of urban housing shortages in Sub-Saharan Africa through proper planning, support of policies, and institutional innovations.

Discussion of Findings

The researchers established that diaspora remittances have significant but imbalanced contribution in funding affordable housing in Sub-Saharan Africa. Nigeria and Ghana are among those countries enjoying considerable inflows, which complements private housing programs and state programs and offers liquidity to households and small developers (Owotemu et al., 2024). In less developed economies like Senegal, a good percentage of housing demand is met by the diaspora contribution. But the effect greatly depends on the official financial streams and reliance on local institutions. According to Gelb et al. (2021), remittances that are targeted to assist with housing require structured frameworks. Thus, policies like diaspora-targeted bonds and matched funding schemes

are important to convert remittance flows into long-term investments in urban housing development (Chileshe & Kavishe, 2024).

The study has established several factors that curtail the use of diaspora remittance in the use of housing. Remittance effectiveness is lowered by financial and institutional obstacles, such as high transfer costs, poor regulatory frameworks, and mistrust in local banks (Lawanson, 2021). Further limiting investment are social and cultural factors, including diaspora scepticism of local housing markets (Mpande, 2021). In Nigeria, the amount of remittances is large, but a small part of it goes to structured projects because of informal transactions and insufficient tracking of money (Ratha et al., 2020). This means that there is a need to reform policy, finance and transparency to transform remittances into effective housing investment. The best way to harness the potential of the diaspora in solving the urban housing crunch is to create awareness, enhance governance and increase oversight.

The research indicated that to tap into the diaspora remittances, it is necessary to take multi-pronged and strategic measures. As it can be seen in tables 4.2 and 4.4, although remittances are substantial, they only address a portion of the housing shortage. Structured investment is promoted by policies like diaspora bonds, tax exemption, and digital remittance initiatives (Owotemu et al., 2024). Diaspora funds, in collaboration with local finance in the form of public-private partnerships, contribute to better accountability and efficiency of resources (Chileshe and Kavishe, 2024). Diaspora confidence is established through transparent project monitoring, advisory boards, and avenues of access to financial channels (Gelb et al., 2021). In this way, policy incentives, financial innovation, and institutional reform can transform intermittent flows of remittance into regular flows, which will contribute to reducing urban housing shortages, in Sub-Saharan African countries, significantly.

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Summary of Findings

The research study was entitled Beyond the Barrel: Leveraging Diaspora Remittances to Finance Affordable Housing and Bridge the Urban Deficit in Sub-Saharan Africa and it discussed how the diaspora remittances can be used to finance affordable housing and the obstacles facing the effective use of the remittances as well as how the funds can be utilised to overcome the urban deficit. The study employed a descriptive research design based on secondary data analysis and investigated remittance flows, the housing deficit trends, and the housing programs funded by the diaspora in the chosen Sub-Saharan African nations. Results showed that remittances from the diaspora are a significant capital source, especially in smaller economies, like Ghana and Senegal, where they meet a significant percentage of housing demand, as compared to larger economies such as Nigeria where they meet a low percentage of housing demand despite large inflows. Other barriers found in the study were financial, institutional and policy barriers, such as high transaction costs, poor governance, and limited incentives, and social and cultural barriers, such as low trust in local institutions and reluctance to make long-term investments. The ways to increase the impact of diaspora are digital remittance programs, organized investment programs, public-private collaboration, and special incentives such as diaspora bonds and tax exemption. It is on this knowledge that financial innovation, institutional reform and community involvement may greatly multiply the contributions made by the diaspora and therefore the potential of the diaspora as a little tapped but potentially valuable source of sustainable urban housing development in Sub-Saharan Africa.

Conclusions

According to the results, it is quite obvious that diaspora remittances have great potential as a source of funding to affordable housing projects, but their application is at present restricted by structural, institutional, and social barriers. Although the contribution of diasporas is also comparatively higher in the countries with less urban populations, even the big economies are characterized by significant disparities between housing demands and the projects financed by remittances. This means that remittances cannot be used to address the housing shortage but when well channeled, it can supplement government and private sector initiatives. The research also finds out that high transfer costs, poor regulatory systems, lack of confidence in financial institutions and lack of awareness among diaspora communities are key factors that limit the magnitude of the diaspora involvement in housing development. Moreover, the discussion indicates that organised financial instruments, such as diaspora bonds, pooled investment plans, and digital remittance platforms, along with the policy incentives, will significantly contribute to the mobilisation of diaspora finances. The research, in a nutshell, highlights the fact that the urban housing crisis in Sub-Saharan Africa should be approached holistically, involving both diaspora participation and institutional modifications, clear project management, and strategic community participation. Hence, the effective utilization of remittances entails not just availability of funds but also development of an enabling environment that can be efficient, sustainable and impactful in the housing provision.

Recommendations

According to the findings, governments in Sub-Saharan Africa are advised to come up with clear policies to attract diaspora investments in housing. This may involve tax subsidies, legal protection, establishment of special diaspora housing funds which ensure returns with minimal risks. To facilitate easier remittance transfers and lower the transaction cost, financial institutions must embrace the use of digital platforms to enable the diaspora communities to contribute to housing projects.

Priority should be given to the establishment of public-private partnerships to enhance the monitoring of the project, increase the level of transparency, and the establishment of trust in the diaspora investors. Community engagement programmes may be used to sensitize on investment opportunities and show the real contribution of remittance contribution on housing development locally.

Also, governments and development agencies need to think about the possibility of piloting diaspora bond schemes that are specifically targeted to fund affordable housing since such instruments can be used to attract a long-term investment, as well as to ensure accountability and demonstrate an impact. Essentially, the combination of financial innovation, policy support and institutional transparency is among the crucial elements that open up the full potential of the diaspora remittances to address the urban housing shortage in the region.

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