

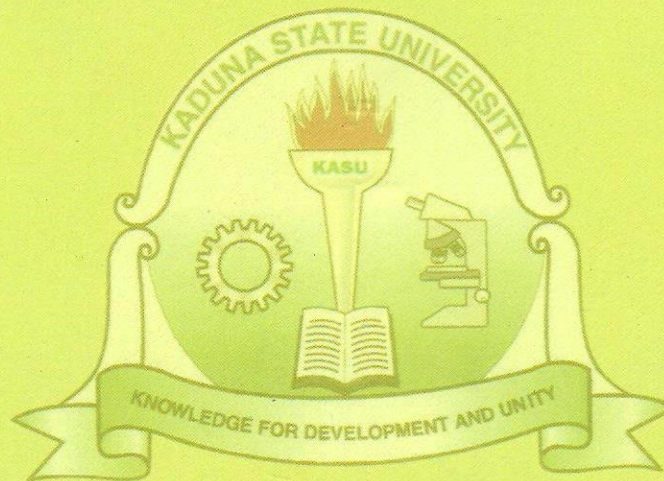


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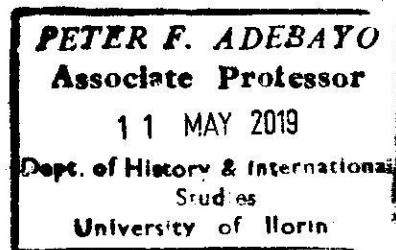
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Utilization of Remittances in Nigeria: A Reflection of Remittances During Obasanjo's Regime, 1999-2007

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Abstract

This Paper discusses in retrospect diaspora earnings of Nigerians abroad otherwise known as remittances under the civil rule of former President Olusegun Obasanjo (1999-2009). Indeed, realizing the importance of remittances as used by other countries such as India, China, and Lebanon for developmental purposes; the Obasanjo regime set up Nigeria Diaspora Commission in 2000. Accordingly, this paper x-rays the uses of remittances under the regime. The emphasis in the paper focuses on the pattern of remittances collection, allocation as well as comparative effect of collected remittances on Nigeria's development in terms of employment and infrastructural distribution across Nigeria. The findings show that remittances have begun to have some developmental effect on Nigerians. The Methodology for carrying out this study is a multidisciplinary approach cum historical perspective. It is hoped that the study will contribute to the ongoing discussion on remittance studies in Nigeria.

Introduction

The massive growth in population mobility witnessed within the first decade of the twentieth century aptly referred to as the age of globalization coupled with information technology have shown that at least 200 million people lived outside their county of birth. This have posed a lot of concern to policy makers, development practitioners, international agencies and government of developing nations. This concern

has necessitated the need to harness the potentials of migration for both receiving countries and emigrants' countries.

Also, the need to strengthen the migration-development link has become more compelling following the realization that the earnings from the vast number of diasporas scattered worldwide could be used to reduce poverty in their countries of origin as well as promote development. Indeed, it is within this perspective that Francois rightly observe that:

With the number of migrants now reaching over 200 million, their productivity and earnings are a powerful force for poverty reduction.¹

This fact implicitly shows the relevance of remittance not only as a critical element of migration-development nexus but also play fundamental role in the economic and social development of developing countries.² While a few studies have been done on remittances generally, the developmental impact on individual African countries especially countries of the Sub-Saharan Africa in relation to the remittance debate have not received adequate attention. Such a relationship will not only enhance our understanding of the issue of remittances and its theoretical underpinning but also show other areas of research that need to be embarked upon by both policy makers and researchers of migration studies. Accordingly, this paper examines in retrospect the issue of remittances and the socio-economic development of Nigeria during the Obasanjo regime, 1999-2007.

The analyses of this paper is based on 'Richard Adams house hold model' which we have adopted to survey selected states in Nigeria; which are Kwara, Edo, Lagos, Imo, Delta, Abuja (Federal capital) coupled with oral interview to discuss this topical issue. The paper is divided into four sections, The first part deals with the origin and definition of remittances in relation to Nigeria, while the second part deals with developmental aspects of remittances covering the macro, micro economic and communal effects. The third part relates to the macro and micro economic effects to the remittance debate and the fourth part provides suggestions on how remittances flow can be improved in Nigeria along areas of remittance studies that needs to be researched upon.

Origin and Definition

Remittances 'are the portion of international migrant's worker's earnings sent back from the country of employment to the country of origin.³ The International Monetary Fund has modified this definition

by including transfers by made workers who had stayed in foreign economies for at least one year and this does not include transfers from migrants that are self-employed.⁴ It has now been acknowledged that Remittances are a powerful economic force for economic development; in many labour-exporting countries providing financial resources that not only alleviate poverty by sustaining basic needs of many families but also supporting private sector investment.⁵ The Central Bank recorded official flows of remittances as part of their Balance of Payment statistics, which were then reported to the International Monetary Fund (IMF).

In Broad terms, remittances reflect the monetary dimension in the complex web of linkages that exist between migrant Diasporas and their home countries.⁶ Remittances are an old phenomenon whose prevalence and economic competence in every society has hieratically been long and recognized. Notably, after the Great famine of 1846-1848, for instance the remittances from Irish female domestics in the United States of America became the single most important source of capital for the Irish country side.⁷ Also, from 1950-1960 remittances were vital to the development of Greece, Portugal, Spain and Yugoslavia.⁸

Again, in the former Soviet Union, Remittances were part of the government policy. After training her citizens from primary school to the University, government allowed the citizens to work anywhere outside the country, with the provision and understanding that they must remit certain percentage of their salaries to the government, as a way of contributing to the economy of the country.⁹

In Nigeria, remittances have historically been part of our culture as it is in other African countries. Indeed, our social experience points to the fact that the family is bound together naturally and as such sharing towards parents from one's resources is mandatory culturally. In the Yoruba culture of South Western Nigeria, remittance in local language is called "*ifiinkan ransesile*".¹⁰ In other African countries, like Zambia, the Tonga name for monies sent back was *mali a mbeleko* (money of the workers).¹¹ Similar indigenous terms exist in other parts of the continent for remittances. In Uganda for example, the term *Eyeyo* money is used for remittances.¹²

Thus, it is clear that domestic remittances are very prevalent in both Nigeria and other African countries. However, the difference between the internal domestic remittance and the ones that is globally driven lies in the quantum sheer value of the money which is sent in foreign currencies. It has risen because of the high value attached to the foreign currencies' vis a vis the national currencies of

Nigerian and other African countries. This situation was brought about by the collapse of Nigeria and African economies in the 80s and which led to massive unemployment, and hardship.

The situation was further aggravated by the imposition of the International Monetary Fund (IMF) Structural Adjustment Programmes of the mid-80s in Nigeria and other African countries. The Structural Adjustment Programme implemented in Nigeria under the Babangida Administration brought hardship on Nigeria including high rate of unemployment which has continue to linger in the country to date.¹³ The issue of good governance coupled with the inability of the various governments to solve the unemployment problem have led to the massive capital flight of many Nigerian professionals comprising of both highly skilled and semi-skilled emigrants to the various European destinations such as Britain, Italy, Germany, Canada, the Netherlands and of course the United States of America. The Nigerian Diasporic communities in the aforementioned places are huge.

Rekindled interest in the current issue of remittance is however a recent phenomenon. Indeed, it was in fact the contribution made by the World Bank's Global Development Finance 2003 Annual Report¹⁴ and more particularly "an important and stable source of external development finance",¹⁵ that formal notice was taken of remittances.

Ratha emphasizes that remittances as an important source of external finance for developing countries is manifested on the quantum and value that has continued to outstrip Official Development Assistance, though relatively behind Foreign Direct Investment (FDI). For instance, remittances flow to developing countries were 41% of foreign direct investment (FDI) and 200% of official development assistance¹⁶. Even as far back as 1990s remittances receipts exceeded official development assistance (World Bank, 2001) and the gap between ODA and remittances was widening. Again, with ODA falling steadily, remittance flows have continued to increase.¹⁷

According to the World Bank estimates, official remittances transferred by international diaspora (migrants) in 2005 was US\$232 billion with developing countries receiving almost 70% more than twice the level of development and from all sources. It is significant to note that the World Bank stated that the figure would have been more if remittances paid through unofficial channels are added. The largest share of the remittances was generated in the European Union, followed by the United States and in the Gulf States in the Middle-East.¹⁸

Most of the remittances flow goes to Latin America and the Caribbean followed by Eastern and Southern Asia. While Sub-Saharan Africa received only 1.5 percent of remittance flows. This obviously shows

that the African especially sub-Saharan Africa was yet to fully realize the potentials of its Diaspora as agents of economic development. It was the realization of this fact coupled with the need to emulate other countries such as China, India, South Korea and Mexico that have recognized the developmental potentials of their diasporas in economic development that made the Federal Government of Nigeria to set up the Nigerian National Volunteer Service (NNVS) and the Nigerian in Diaspora Organization (NIDO) in 2000.¹⁹

These agencies were set-up to sensitize the Nigerians in Diaspora while exact towards contributing to the socio-economic development of Nigeria which is one focus of this paper. Remittances of the Nigerians in the Diaspora were targeted as one of the important ways by which they could contribute to the socio-economic development of the country. Indeed, studies by Gammeltoft, Peter showed that Nigeria was among the developing countries that delight much heavily on remittance than aid.²⁰ He went further to state that in terms of the relationship between the two forms of inflows the following were observed in ratio: 39:1 in Turkey, 34:1 in Mexico, 24:1 in Costa Rica, 15:1 in Jamaica, 8:1 in the Philippines, 7:1 in Nigeria 6:1, in India, 6:1 in Tunisia and in Lesotho. He also states that most sub-Saharan countries highly depend on aid.

Evidence from workers' remittances observed on selected countries including Nigeria shows that remittances represent a large share of the export of goods and services in major remittance receiving countries and increased their total amounts during the 1990s in all but two of the cases. Over the last decade the largest recipient in sub-Saharan Africa was Nigeria; followed by Lesotho, Sudan, and Mauritius. Nigeria receives 30-60% of remittances to the region. Recently, the U.K. Department for International Development (DFID) carried out a survey which showed that Nigerians in UK send more money home than any other group in that country. "Four in 10 remitting households send money to Africa (38 percent of all remittance), with Nigeria (17 percent) being the leading recipient nation by some distance," the survey says "India received 14 percent of all remittances in the last year, followed by Pakistan (10 percent) and then Jamaica 17 percent.

The five largest recipients of migrant remittances of the 50 countries surveyed, according to the survey, are Nigeria, India, Pakistan, Jamaica and Ghana. Not only was Nigeria identified as the top recipient country in terms of household which send money back home. It was also revealed as one of the countries with the highest amount of household remittance.

An average Nigerian household in the UK, the report says, sends about 1,022 pounds in the last 12 months. Although a relatively high number of Black Africans remit money regularly, they only send smaller amounts of money when compared to Asians. In the last few years, migrant remittances have become so important that it is now studied in some leading western universities.²¹ From review of statistics it was clear that Nigeria is the largest recipient of remittance in Sub-Saharan African with a receipt of approximately 65% of officially recorded remittances into the sub-region and 2% of global flows. Statistics from the Central Bank of Nigeria indicate that remittances through the banking system stood at US \$ 2,262.32 million in 2004 while provisional figures for 2005 and 2006 were US \$3,318.84 and US\$7,678 million respectively.

Also, according to the Central Bank of Nigeria from 2001 to 2005 private remittances from Nigeria in the Diaspora amounted to \$105.400 Billion during the 5-years period. Again, the statement credited to the Governor of the Central Bank of Nigeria Charles Soludo stated that Nigerians in Diaspora remitted US \$4 billion annually in the past six years and that the total amount has gone up to US \$7.7 billion dollars an amount higher than the GDP of 29 of the 53 countries in Africa.²² This shows that remittances must be having some developmental impact on both the rural and urban centers of Nigeria. We leave the argument on this to the latter part of the work.

Developmental Effect of Remittances

There are two dimensional ways of looking at the developmental impact of remittances. These are the macro and micro economic effects respectively. In macroeconomic terms, remittances gradually constitute an important financial flow to Nigeria as can be seen from the statistics cited above. Remittances have become a major source of foreign exchange that is needed to bolster hard currency reserves, finance imports and enhance the abilities of banks to finance loans etc. This is in addition to the commissions that the banks reserved on the foreign currencies whenever a large amount of foreign money is to be transferred.

It is significant to note that the recapitalization of the Nigerian banks to have an equity capital base of N25 billion that was embarked upon in Nigeria in 2005 was principally done in order to enable the banks cope with financial remittance from Nigerians abroad as stated by the Governor of Central Bank of Nigeria (CBN) Charles Soludo.²³ Again, in order to encourage and accommodate more financial remittances from Nigerians abroad, some of the banks have begun to open

overseas branches. The United Bank for Africa (UBA) and Zenith Bank recently opened their overseas branches respectively in UK. Remittances from both the highly professional skilled, semi-skilled, as well as those from short stay emigrants and illegal emigrants have undoubtedly accounted for the large sums and percentage of the total financial remittances record by the banks and the Central Bank of Nigeria in the past six years. Remittances have boosted our foreign reserves and to a large extent contributed in making the national currency to appreciate better.

With the earnings from remittances, the Central Bank of Nigeria probably has the enablement, however minute, to lend some amount of money to the government and commercial banks to carry out programmes and policies that are involved on poverty alleviation. For instance, National Poverty Eradication Programme (NAPEP) as the leading Federal Government agency involved in Poverty Eradication Programme since 2005 has disbursed N500 million naira to some states under the Revolving micro-credit fund scheme.²⁴ A total of 120,000 people benefited from the scheme to set up small enterprises. Also, 50,000 people were trained in targeted skills for entrepreneurial development under the capacity Acquisition Programme. N240, 000 million was disbursed to 72,000 farm families under NAPEP's farmers Employment Programme to increase their productivity and capacity.²⁵ While 200,000 units of *Keke NAPEP* were distributed to youths and sold at 50% discount on an owner operated basis (CBN, 2005) NAPEP capacity building programmes also include the grant of micro-credit facilities and the Youth Empowerment Scheme etc. In order to intensify the fight against poverty, the Federal Government recently approved an additional N9 billion to NAPEP.²⁶

This additional fund was described as a safe net measure meant to provide basic education for the poor. Indeed, NAPEP National Coordinator, Dr. Magnus Icpakol stated that the money was to assist families that cannot afford to send their kids to school. He stated that the programme will be community-based because NAPEP will liaise with community development agencies, for the execution of the programme.²⁷ Other agencies of the government involved in poverty eradication programmes are the small and medium Enterprises Development Agency of Nigeria (SMEDAN). The creation of this agency by the government is to facilitate access to funds for small and medium business. SMEDAN also provides the following employment generating services: provision of business information services, pathway on how to access finances, improve economic environments for MSMEs and to give business support service.

The National Directorate of Employment (NDE), is yet another government agency involved in the poverty eradication programme, thus, carries out the following activities with the aides of financial remittances.

- Apprenticeship training in various trades and handicraft
- Business skill training
- Agricultural skill training in different farming specializations including fish farming bird rearing.
- Entrepreneurship Development Training
- Landscaping/Sanitation Skills Training
- Linkage with employers
- Linkage with loan granting agencies.

Micro Economic Effects of Remittances

The impact of the micro economic effect of remittances are greater on the individual family household of both the rural and urban settlement especially when it is considered that Nigeria's Gross Domestic Product of was about US\$71 billion as at 2004-2005, and yet 75% of its citizens are below \$1 per day.²⁸ Case studies and survey findings of remittance recipients in six states – Kwara, Oyo, Benue, Lagos, Abuja, Imo, Edo and Delta indicates that remittances have a leverage in the families particularly for those living close to subsistence level.

The bulk of remittances were used by migrant families for consumption – to meet daily needs such as health, education and feeding. They are also invested in areas of improvements to homes, purchase of landed property and entrepreneurial activities among other. Thus, survey findings conducted by UK's department for international Development shows the pattern of pattern in Remittance uses as follows:

- Basic needs and expenses
- Medical/Health care expenses
- Education
- Consumer durables (stereos television, appliances.
- Improving or building housing
- Buying land or livestock
- Investments in socio-culture life (birth, wedding-death)
- Loan repayments (open loans to pay off cast of migration)
- Savings

- Income or employment generating activities.

Source: Sender DFID scooping study: Migrant Remittances to Developing Countries.

In virtually all the states, especially in Edo, Imo and Delta findings showed that as in Bangladesh, remittances are used to fund the migration of other family members as a strategy to further enhance household income.²⁹ We also discovered that a much smaller portion of remitted funds is used for financial investments such as savings, business or other wealth generating activities.

Much importantly, the findings validated the report of the UK's department for International Development (DFID) which suggests that the propensity to use remittances for consumption is congruent with the aspect that to a great extent, migration and remittances are part of a livelihood and poverty reduction strategy of the individual migrants and families. For poorer families, consumption can have a follow-up effect of an improved standard of living and education opportunities.³⁰ Other findings showed that in Edo and Delta states a sizeable proportion of migrant families used remittances not only for risk sharing including idiosyncratic risks, but also as loans to pay off the cost of migration.

More particularly striking the gender effect of migration and remittances on the communities; households with more female remittance recipient are prone to victims of human traffickers. Again, the negative consequences of remittances were manifested in the urge to travel to a European country – Italy where the women are involved in prostitution. DFID 2007 recent study has referred to the involvement of several women from different parts of the Third World countries in this trade as the 'new form of slavery that are currently going on in the world. In Torino Italy, we have about 7,000 Benin prostitutes who are waiting to be engaged in commercial activities so that they can be well employed.

A probable reason why the women from these states – Edo and Delta, are encouraged by their families to undertake Remittances by migration according to a respondent is because they are more reliable remitters in the short term and they prefer sending remittance for welfare, enhancing consumption such as education for younger siblings and health care for younger siblings and parents.³¹ The respondent also stated that conversely, that the male migrants tend to remit money to savings account for themselves or for investment on their behalf in land and housing for the future. Obviously, males are more

likely to have home consumer goods for their own use such as television and cars.³²

Survey respondents in all the states showed that remitters preferred to build houses for their emigrants. Consequently, we have European model houses in the rural and urban commercial centers. While the remittances have provided European model houses with beautiful architectural designs, its negative impact is manifested in the civil servant who are unable to mobilize huge money to build or buy such houses. In Lagos, especially at Lekki Peninsular, most of the fine houses are built and owned by the Diaspora who has remitted to their parents, family's friends etc. for this purpose. In Abuja, Nigeria's Federal Capital, a similar scenario is in existence with Diaspora buying the costly Federal Government houses to the disadvantage of the civil servants.

Survey findings indicated the involvement of remittance recipients in business activities, these ranges from internet related businesses to car dealers (at least about 10 per cent of car dealers in Lagos, Abuja, Port Harcourt, Kaduna), motor spare parts activities in the eastern part of the country.

Remittance induced fish farming business was also noticed in an outskirt of Ilorin, Kwara State. This involved the export of Dutch fishes from Holland to Ibadan in tons. The fishes are then collected to Ilorin at NeFraday (Nigeria) Limited – an integrated farm. The fishes are cross-bred with the local ones and eventually sold to the public at a cheaper rate. The proceeds from the fish are paid into the account of the owner and the owner of the farm makes a profit of about US\$50,000 monthly, which is considered as a good business.³³ Respondent also indicated a new emergent business for which remittances are used for futuristic business activities such as buying of shares in banks and companies in general.

Collective Remittances for Community Development

Survey findings has indicated that while a large majority of remittances sent from individuals were meant to meet the needs of their families, an increasing number of Nigerian emigrants are getting involved in community development projects in their villages, and towns of origin through their home to own Associations. Indeed, the findings by International Migration Findings had also indicated that Nigerian migrants made individual or pooled remittances for development through 'home improvement unions (IOM 2000).³⁴ In Benin, we discovered that the Edo Association a large umbrella association body for Edo State indigenes has been able to liaise with it overseas

counterpart to get remittances for development project. It is interesting to know that other smaller village or town association has similarly been involved in remittance development projects.

Other smaller village or town association under the Edo Association has emerged and continue to play prominent role in remittance community and ethnics related projects. For instance, in Ekpoma town the Ekpoma Association have been involved in community projects such as borehole water and maternity hospital project. Similarly, the Iyiegbepui community of Edo State, development projects consisting of borehole water, maternity, hospitals etc. were performed by overseas Diaspora community through the remittances sent to the leaders of the local community. We also discovered that the Edo Association assists in the transfer of individual or group remittances to their local indigenes in Nigeria because of the weak financial systems.

Succinctly, in Urualla in Ideato North local government of Imo State, we found that Urualla people overseas living in places such as London, Germany, Italy, and China U.S.A. through a powerful network organized themselves into the town's association known as Urualla progressive Union. (A division exists in London and U.S.A.) The Association has been influential in community development projects in the town by building culvert, roads and town hall. The Association has built culverts, roads, town hall.³⁵ Also survey findings revealed that Diasporic communities through their powerful networking with their local association link up with European officials who could easily get involved in community projects.

A typical example was provided for in the village of Uje in Benue State where its local home town association through a powerful networking collaborated with its overseas and Netherlands officials (representatives in Nigeria) and have succeeded in getting their support for the building of five boreholes and town halls.³⁶ Again, when Ladoke Akintola University, Ogbomosho was established in the 1990s, the indigenes of Ogbomosho through its Association in U.S. succeeded in sending goods made up of textbooks, laboratory equipment's etc. to the tune of N10 million naira to the vice-chancellor of Ladoke Akintola University when the university was newly established.

Similarly, the Igala in Diaspora recently donated research materials comprising of text books, scientific items such as laboratory equipment, telescope, and hard wares in the early 1990s; computers to the tune of about N20 Million Naira to the chancellor of Kogi State University. The President of the Igala in Diaspora, Dr. Samuel Alfa who was based in U.S. promised that the Association will continue to assist the newly established university. The governor of the state facilitated the

transportation of the items. This shows the extents to which government appreciate diaspora earnings as alternative developmental financing.

In the same vein, Nigerian emigrant in the United States, Dr. Eugene Nwosu, who is a cardiologist based in Savannah Georgia raised more than \$130,000 (N16.6 million) for a medical mission to a rural community in Nigeria. The mission under the auspices of Nwosu's Goodness and Mercy Foundation" took place between September 13 and 27 in Ajalli, a village in Anambra State. The donations include cash, medications and health tools received at a fund-raising ceremony held in the historic US South coast city.³⁷

The overwhelming evidence from macro and micro economic effects as well as the communal effects shows glaringly that remittances played positive role in Nigeria development. This is more glaring considering the poverty situation in the country. As at 2000 the poverty rate in the country was 2.9% of the GDP. But as remittances continued to be recorded annually by the Central Bank of Nigeria, there was at least a slight improvement in the poverty rate that has slightly reduced. The poverty rate of the GDP is now 9%.

This development obviously leans towards neoclassical perspective that views international migration as positive for both sending and receiving migrants because migrants have supplemented scarce domestic labour force. The fact that migrants earn good wages and acquire human capital, generate remittances and savings as we have seen for Nigerian emigrants who have used the money to swell the financial resources of the banks. This shows that a lot of small-scale project were easily embarked upon by proceeds from remittances. Again, the acquisition of new skills by the returnees who engaged in meaningful employments have enabled the returnees to be involved in developmental activities in the six states mention here and in other parts of the country. This has reduced poverty to some extent. In some cases, government invited some returnee's expert to be involved in the administration of the affairs of the country, typical example includes the appointment of Okonjo-Iweala as former finance minister, and also the former Governor of Central Bank Prof. Charles Soludo. Both Okonjo Iweala and Soludo have previously worked with the World Bank.

The expertise and the training couple with the policies they have implemented obviously affected some people and the nation at large in areas of development. Be that as it may, it should be noted that as the vast number of Nigerian Diaspora continue to remit more money home which could be used for developmental purposes, the likelihood

of a gradual reduction of poverty on Nigeria cannot be ruled out. The reason why the impact of remittance on development is hardly noticeable is because it does not form part of the main stream of resource flows in Nigeria. Perhaps, this is because there is a steady flow of money that is available in the country through extractive industries and oil proceeds.

In the light of the increasing recognition of remittances as an important external source of finance, we will make the following suggestions on how to improve its inflow to Nigeria. Some of the policies that are recommended to encourage more remittances for consumption and savings are:

- a. Encourage the transfer of remittances by adopting macro-economic policies conducive to investment and growth such as good interest rates on savings and opportunities for direct foreign investment in key areas of the economy, for commercial, entrepreneurial, and other productive activities. This could be achieved through the creation of incentive strategies in collaboration with stakeholders in civil society, the donor community and the financial sector. A good avenue would be through the 'build, operate, and transfer' programmes that are increasingly popular in the construction industry;
- b. Design and implement financial sector policies that would engender the creation of cheaper, efficient and multiple financial institutions and packages through which Nigerians could receive funds transferred by Diaspora. In this regard, community banks, post offices, credit unions, and other rural financial service providers should be empowered to receive and pay out remittances either on their own or as outlets of the larger banks which have corresponding banks in the destination countries. Fees chargeable should be reduced to encourage larger and more frequent transfers;
- c. Provide opportunities for direct foreign investment in key areas of the economy, for commercial, entrepreneurial, and other productive activities. This could be achieved through collaborative projects between stakeholders and the financial sector. A good avenue would be through the 'build, operate and transfer' programmes that are gaining popularity in the construction industry. Ventures established through such remittances could receive some waivers on customs duties applicable to equipment to be used in the ventures;
- d. Duty waiver should also be granted on medical equipment's,

medicines and other items to be donated or used for voluntary services especially those brought in through the Nigerian National Volunteer Service for humanitarian services;

- e. Promote transparent and efficient data collection and collation through collaborative efforts between data collation agencies, standardized annual surveys and automation of the operations of Bureaux de Change (BDC's);
- f. Legislate through a constitutional amendment the right of all Nigerians to dual citizenship;
- g. Enter into Bilateral agreements with countries that have high numbers of Nigerian migrants to promote the use of identity cards issued by the Nigerian embassies and Consular offices to open accounts in banks of host countries. This will provide access to formal remittances services previously inaccessible to irregular migrants;
- h. Ensure that exchange rate premium is eliminated to serve as a disincentive to informal transfers and hence encouraging the use of the formal money transfer system while paying attention to the design and implementation of other programmes in conjunction with banks located in host countries in order to increase their flow of remittances;
- i. Prohibit the exclusivity arrangements between commercial banks and Money Transfer Organizations (MTO's) to increase competition and lower cost;
- j. Commercial banks should introduce products that would be directly linked to remittances such as insurance, housing loans, educational loans, and micro loans to encourage savings and investments by recipients;
- k. Increase and encourage the use of technological based transfer of remittances including the use of mobile phones that can be used to store and transfer value as well as overcome geographic barriers with appropriate regulatory infrastructure.

Research Areas

While the above suggestions have indicated that remittances can be enhanced, it still presents a big problem for the researcher especially in the areas of data collection. The magnitude of this problem in developing countries was highlighted by an expert at a meeting in 2001 in Kingston Jamaica when he stated that:

While it is usually asserted that migrant remittances have contributed in no small measure to the economic and social

development of the Caribbean, much of the discussion is largely anecdotal. The accuracy of the estimate of the migrant remittances is rather doubtful and very little empirical work had been done on the evaluation of contribution of remittances are connected largely to estimate balance of payment flows and no attempt is usually made to relate such flows to income in the local economy. Thus, there is usually no discussion between current and capital remittances.³⁸

In the light of this observation, the way forward for developing countries like Nigeria will be to focus on research and analysis of trends and developments in remittance flows, and seek measures to enhance further remittance flows and development impacts and develop remittance incentive schemes.

Conclusion

This paper has tried to show in retrospect that the issue of remittances has economic and social relevance in Nigeria through pockets of developmental activities that could be noticed in both rural and urban areas. We have also tried to show that migration and remittances have been used by many families as a survival strategy and poverty alleviation measure within the period under review. However, this paper advances that there are still problems related to the issue of remittances and this has to do with getting accurate data. Indeed, it still presents a big problem for the researcher especially in the areas of data collection.

While it is evident that migrant remittances have contributed in no small measure to the economic and social development of Nigeria as exemplified above, there is need for much ado in terms of institutional as well as constitutional legal framework on remittances; to further intensify the collection and utilization, of remittances cash flows; the accuracy of the estimate of the migrant remittances need to be strengthened. Thus, the paper provides an insight on empirical contribution of remittances to national development which are connected largely to estimated balance of payment flows recorded within the scope of study. Achieving this; the paper relates remittances flows to income redistribution in the local economy in terms of micro and macro spread effect of diaspora earnings.

Thus, it provides analysis on comparative discussion between recurrent and capital remittances utilization; drawing on neoclassical perspective; the paper views international migration as positive satisfier for both sending and receiving migrants because migrants have supplemented scarce domestic labour force. The fact that mi-

grants earn good wages and acquire human capital, generate remittances and savings as we have seen for Nigerian emigrants who have used the money to swell the financial resources of government and community base.

While the above analysis suggested that remittance could be further enhanced, most especially at the current phase of developmental crises cum financial insecurity rocking Nigeria economy. It stands to provide an alternative solution to economic hostilities in terms of transfer earnings. This work submits that by improving the objective methods of collection and utilization of remittances, the heavy burden of budget servicing through internal and external debt could be checked positively.

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