

# Impact of Diaspora Remittance on Economic Growth of Nigeria: An Appraisal

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**Abstract:** *Diaspora remittances in foreign currency are essential in supporting both government and family finances, offering essential income, savings, and consumption resources. Over 17 million Nigerians living in diaspora are trying in contributing to the economic growth of their home country through remittance knowing fully the station they left their households, family, community and friends in. These remittances mostly in hard currency continue to provide required support to the family and equally become regular source of income to many households in Nigeria. The primary Objectives of these research work is to appraise how diaspora remittance help to improve the economic growth of Nigeria through household support. The study adopted the Exogenous Growth Theory by Robert Solow in 1956. Descriptive Survey research design was used in the study for data collection. Both primary and secondary data was used where oral interview was used. It is concluded that diaspora remittance had contributed to the economic growth of Nigeria in diverse way ranging from adding to Gross Domestic Product, increasing investment in business and Agriculture, building of houses, increase money in circulation, creating menial jobs thereby reducing unemployment and crime. The study recommended encouraging Nigeria diaspora through diplomatic protection against Xenophobic attack, legislation to protect Nigeria diaspora as well as removal of unnecessary bureaucracies in handling diaspora issues.*

**Key words:** Diaspora, Remittances, Diaspora Remittances, Economic Growth, Exogenous Growth Theory.

## 1. Introduction

Diaspora remittances in foreign currency are essential in supporting both government and family finances, offering essential income, savings, and consumption resources. When properly managed, these funds from abroad can foster development and help meet specific economic targets for family support, business or farming (Zainab, 2021).

Remittances are financial transfers from one person in a country to another person in a different country. The majority of these transactions involve negligible monetary amounts. However, for people in receiving countries, these financial transfers may represent a substantial fraction of their budget. Migrants send remittances for many objectives. In specific cases, migrants are demonstrating generosity towards their families in their nation of origin. In some cases, migrants have self-interested motives for remitting, such as maintaining their household and family status for inheritance or other purposes. Evidence suggests that specific migrants remit monies for investment purposes. Certain migrants may ultimately be repaying loans and other responsibilities to the household, potentially encompassing the monies used to enable their transfer abroad (World Bank, 2011).

Diaspora remittances to Nigeria assisted in funding education. A significant portion of remittances was directed towards education, enabling families to afford school fees, textbooks, and other educational expenses. This contributed to increased access to education, particularly for vulnerable populations. Some public-spirited Nigerians in diaspora awarded scholarship to indigent students, financed the building and renovations of classroom blocks in their community schools. This resulted to remarkable improvements in education enrolment and knowledge acquisition, much to the benefit of the society. In October, 2021, Akwa Ibom State Association in the United States of America (AKISAN-USA) built model primary schools in Ibesikpo and Abak communities in Akwa Ibom State, Nigeria, (Ekpo, 2022).

With an estimated 17 million Nigerians living abroad, the diaspora constitutes a substantial resource for the country. They contribute economically through remittances, socially through knowledge transfers, and politically by advocating for Nigeria's interests on international platforms. Despite these contributions, the challenges posed by migration,

such as brain drain, familial separations, and over-reliance on remittances, cannot be ignored (John-Oti & John-Oti, 2025).

The significant contribution of these remittance to households, families and communities is too big to be ignored amidst the present economic challenges and inflation as a result of fuel subsidy removal and devaluation of naira. Its against the backdrop that the research wants to give an appraisal of how these financial remittances which comes in hard currency help in economic growth of Nigeria through empowerment of the beneficiaries through agriculture, business and education.

## 2. Statement of the Problem

over 17 million Nigerians living in diaspora are trying in contributing to the economic growth of their home country through remittance knowing fully the station they left their households, family, community and friends in. These remittances mostly in hard currency continue to provide required support to the family and equally become regular source of income to many households in Nigeria. Despite the fact that Nigeria's diaspora continues to face challenges like racism and xenophobic attack, remittances to Nigeria continue to increase as is evidently showing in the life of their households and communities. These efforts by the diaspora need to be supported by the federal government through intervention in times of incessant attack by the citizens of the host countries especially the continue xenophobic attack by citizens of South Africa against the Nigerian citizen residing in their country doing their legitimate business.

## 3. Research Questions

1. what are the benefits of the Remittance to economic growth of Nigeria?
2. How does the remittance affect the life of households in Nigeria?

## 4.Objectives

The primary Objectives of these research work is to appraise how diaspora remittance help to improve the economic growth of Nigeria through household support.

specifically, to:

1. Analyse the benefits of remittance to economic growth of Nigeria.
2. Appraise how remittance affect the life of households positively in Nigeria.

## 5.Theoretical Framework

The study adopted the Exogenous Growth Theory by Robert Solow in 1956. according to the theory, economic growth can come from outside sometimes. That economic growth and development primarily stems from technological progress that is independent of economic conditions. It emphasise that external factors, rather than internal ones, are responsible for most growth. The core idea is that economic success mainly depends on external, autonomous forces rather than on interconnected internal elements (Solow, 1956).

Relating to this research work, the growth and development that is expected to come from Nigeria with huge minerals deposits, rather the growth and development is coming form diaspora remittance which is helping to strengthened economic growth and development. Nigeria diaspora need to be commended by government and people for their wonderful contribution to the economic growth and development of their home country.

## 6.Conceptual Clarifications

### Diaspora

Diaspora as a concept continue to receive great attention throughout the academic world. This is not surprising, given the frequent movement of peoples from one country, region, or continent to another for a variety of reasons: economic, political, social, and cultural. This phenomenon has called into question the relevance of the ideal-type of the nation-state, or, more exactly, of the congruence of nation and state, and has created a situation where the societies of most countries are becoming multiethnic, multicultural, multiracial, and pluralistic (Mark, 2012).

### Remittance

A Remittance is referring to money sent to another group/person usually one in another country. The sender is typically a foreign worker and the recipient a relative back home. A remittance is a payment of money that is transferred to another party. Broadly speaking, any payment of an invoice or a bill can be called a remittance. However, the term is mostly used nowadays to describe a sum of money sent by someone working abroad to his or her family back home. Remittance can be viewed as money transferred from migrants to their home country, such funds played vital roles in the economy, helping to meet the basic needs of recipients. Most

remittances are made by foreign workers to family members in their home countries. The most common way of making a remittance is by using an electronic payment system through a

bank or a money transfer service such as Western Union and money gram etc. People who use these options are generally charged a fee. Transfers can take as little as ten

minutes to reach the recipient. remittances represent household income from foreign economies arising mainly from the temporary or permanent movement of people to those economies as they fled to abroad looking for greener pasture, they sent that money to take care of family they left in abject poverty. Remittances are transfers of money, goods and diverse traits by migrants or migrant groups back to their countries of origin. Although nowadays, the notion of remittances conjures only monetary aspect, remittances include both monetary and non- monetary flows, including social remittances. Diaspora remittances have played, and it is still playing better role in shaping the economy and social status of the family they left in home country (Alechenu, 2021).

### **Diaspora Remittance**

International Monetary Fund (2009) defined remittances based on the concepts of migration.

They defined remittances as family income received from abroad, as a result of the

migration of workers to foreign countries who went to abroad looking for greener pasture; whether the migration is temporary or permanent.

According to the Collins English Dictionary (2018) , the word diaspora means populations of migrant origin who are scattered among two or more destinations, between which there develop multifarious links involving flows and exchange of people and resources: between the homeland and destinations countries.

United Nations (2017), sees the concept of diaspora as any large migration of refugees, language, or culture. Essentially, diasporas include composite mixes of persons who have converged at different times, through different channels, means, and legal statutes in their various destinations outside their countries of origin due to economic hardship mostly in their home country.

### **Economic Growth**

The concept economic growth refers to the extent to which a country is able to experience

outstanding growth in gross domestic product and national income over a period of time (World

Investment Report, 2019).

Charles and Bruce (2018) posited that: “economic development is generally defined to include improvements in material welfare especially for persons with the lowest incomes, the eradication of mass poverty with its correlates of illiteracy, disease and early death, changes in the composition of inputs and output that generally include shifts in the underlying structure of production away from agricultural towards industrial activities, the organization of the economy in such a way that productive employment is general among working age population rather than the situation of a privileged minority, and the correspondingly greater participation of broad based groups in making decision about the direction, economic and otherwise, in which they should move their welfare”. In this regard diaspora remittance can help in economic growth of the country because the funds can be used to support family, farming or establishing a business that improves the economy.

## **7.Methodology**

Descriptive Survey research design was used in the study for data collection and for the purpose of describing, interpreting, evaluating and analysing the data that was obtained. The data for the research was generated from family, friends and relatives of Nigeria diaspora and other experts in the field of economics who were the respondents because the remittance is being sent directly to them. Purposive Sampling Techniques was used to identify the families, friends and relatives of Nigerians living in overseas country and some experts in the field of economics, the data collected was analysed using content Analysis.

Both primary and secondary data was used. The primary data was generated through oral interview with the target respondents while the secondary data was generated from journals, periodicals and research papers. The reason for using primary data was because the primary data is regarded as the most authentic source of data that can be collected from the variable of interest in two

principal modes: Ask respondents questions about the subject of interest and observe the behaviour of the research variable (Akpa, 2011).

### **8. Impact of Diaspora Remittance on Economic Growth of Nigeria.**

Remittances are financial transfers from one person in a country to another person in a different

country. The majority of these transactions involve negligible monetary amounts. However, for people in receiving countries, these financial transfers may represent a substantial fraction of their budget. Migrants send remittances for many objectives. In specific cases, migrants are demonstrating generosity towards their families in their nation of origin. In some cases, migrants have self-interested motives for remitting, such as maintaining their household status for inheritance or other purposes. Evidence suggests that specific migrants remit monies for investment purposes to have something to fall back home. Certain migrants may ultimately be repaying loans and other responsibilities to the household, potentially encompassing the monies used to enable their transfer abroad. Remittances can serve as a risk-sharing strategy for household members divided by international borders (Charles & Bruce, 1958)

By traveling out of their comfort zone and moving to another region or nation, the migrant will confront risks that are largely distinct from those encountered by the family; hence, both the migrant and the household can successfully diversify their risks. The overall effect of remittances on recipient countries and households is still ambiguous. Evidence suggests that remittances have a beneficial impact on recipient nations and households. Evidence suggests that remittances improve human capital development at the household level (Cox -Edwards &Manuelita, 2003)

The quest for better living condition is the driving force for those Nigerians travelling to abroad to search for better condition of living. Mostly, after sending money to household and relatives for personal use, they equally send money for family to build houses and establish business for them before they return home there by creating job opportunities and help in the growth of the economy. Contribution of such remittance to the economic growth of Nigeria cannot be over emphasized. Members of the Diaspora are recognized for remitting substantial funds to their home countries through various means, including investment, real estate acquisition, and humanitarian assistance.

The International Organization for Migration (IOM, 2013: 9) asserts that remittances can alleviate poverty by supplying families in their countries of origin with supplementary money for consumer goods and investments in education and health. Remittances are utilized to fund community projects, hospitals and schools, empowerment, or are invested in entrepreneurial endeavors. Augmented general resources can also contribute to the reducing of child labor and assist households in better preparing for catastrophic environmental shocks such as droughts, earthquakes, and cyclones. A study indicated that, on average, a 10 percent rise in the proportion of international remittances in a country's GDP results in a 1.6 percent reduction in the percentage of individuals living in poverty (Adams and Page, 2005).

Financial remittances constitute one of the most tangible and accessible benefits of the Nigerian diaspora to the growth of the economy. Central Bank of Nigeria report 2022 revealed that Nigeria received over \$20 billion in remittances, which contributed to poverty reduction, education funding, and business investments (CBN, 2022).

Therefore, the effectiveness of remittance utilisation depends on institutional support, as many funds are used for consumption rather than productive investment (Akinrinade & Ogen, 2022). Nigerians living in diaspora continue to contribute immensely to economic and social development of Nigeria in many ways. Especially through remittance because majority of them have wives, parents, children, extended family, relatives and friends whom they support regularly through rendering financial support to them regularly. Diasporas can stimulate trade, foreign direct investment, business creation, entrepreneurship, and the transmission of new information and skills. Diaspora remittances also contributed immensely to agricultural growth and food security in Nigeria. Remittances provided vital financial support for households, enabling investments in agro-allied sector, such as acquisition of large farm land for gainful agricultural practices, purchasing seeds, fertilizers, farm implements and equipment for processing agricultural produce. Apart from financial contributions, the Nigerian diaspora plays a critical role in knowledge transfer and mentorship. Research have shown that mentorship programmes, skill development workshops, and international collaborations which assist to improve professionalism in various fields of endeavor (Ishaya, H., Stephen, A.R., Simeon, O.O & Adi, G.B., 2026).

### **9. Challenges to Maximising Diaspora Benefits**

Despite the huge benefits of diaspora remittance to the economic growth of Nigeria and family members of those Nigerians living abroad there are certain challenges preventing the full utilisation of such benefits.

Adebowale and Ojo (2025) summarises these challenges under the following headings: -

**Bureaucratic Inefficiencies:** Too much administrative bottleneck in handling issues concerning diaspora is a major set back to harness some benefits from abroad that is beneficial to the country. There is lack of proper coordination resulting to unnecessary delays.

**Weak Government Policies and Institutional Gaps:** There is absence of complete framework that guides activities of diaspora as there is no clear procedure that can channel the commission from the remittance in to national growth and development of Nigeria. The engagement if not consistent with a lot of loop holes hence adequate result is not being yielded.

**Limited Awareness and Accessibility of Diaspora Programmes:**

There is little or no available awareness programme to the youth especially regarding some diaspora programme that is aimed at training or exposing the youths to various opportunities that can better the life on Nigerians at home country.

**Negative Perceptions of Migration:** Migration is often seen negatively in Nigeria, which makes it difficult for many youths to travel out of country for better life, hence to send money home in form of remittance. Because of lack of interest, they do not care to know about various opportunities found abroad the can help in growth and development of households and the country at large.

**Poor Digital Infrastructure and Connectivity Issues:**

Nigeria lack effective technological and strong internet connectivity that can connect youth and expose them to various digital platforms where opportunity abound to harness various job placement abroad.

**Limited Financial Support for Diaspora Initiatives:** Despite the fact remittance contribute significantly to the economy, financial supports for diaspora initiatives is limited and a lot of opportunities are not harnessed to the fullest which is a major setback to the development of the economy and households.

**Political and Economic Instability:** Unstable political and economic conditions in Nigeria discourages diaspora engagement and collaboration. issues of insecurity and fall in value of Naira is hampering diaspora engagements leading to unstable government policy in respect to diaspora.

**10.Benefits of Diaspora Remittance to economic growth of Nigeria**

Result of the oral interview conducted with some experts in the field of economics revealed that diaspora remittance contributed immensely to the GDP of Nigeria in several ways as remittance is continue to be used in establishing businesses, farming and other lawful ventures that adds to the economy. Also, its also confirmed that economic activities orchestrated by diaspora remittance reduce unemployment in the country by creating menial jobs as a result of building construction and engagement in Agriculture as well other investments with the remittance.

with the above responses from experts in the field of economics, the importance of remittance to economic growth of Nigeria cannot be over emphasised because of the numerous benefits to the people and the economy in general as it increases money in circulation thereby boosting the local and general economy.

These finding is in agreement with the submissions of Adamu & Page (2005) who posited that:

The International Organization for Migration (IOM, 2013: 9) asserts that remittances can alleviate poverty by supplying families in their countries of origin with supplementary money for consumer goods and investments in education and health. Remittances are utilized to fund community projects, hospitals and schools, empowerment, or are invested in entrepreneurial endeavors. Augmented general resources can also contribute to the reducing of child labor and assist households in better preparing for catastrophic environmental shocks such as droughts, earthquakes, and cyclones. A study indicated that, on average, a 10 percent rise in the proportion of international remittances in a country's GDP results in a 1.6 percent reduction in the percentage of individuals living in poverty (Adams and Page, 2005).

Also concur with the CBN report (2022) which stated that:

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**11.Benefits of Diaspora Remittance to households in Nigeria**

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Result from oral interview conducted with households, friends and relatives of Nigeria diaspora confirmed that the remittance has continue to increase the leaving condition of the households in diverse ways ranging from feeding, payment of house rents, school fees, medical bills and clothing. In addition to personal needs, remittance was also used to establish family businesses and other agricultural activities which in long run become source of income to the household as well as the entire family. Remittance brought life to many households in Nigeria there by boosting the purchasing power of members of the community leading to increase in money in circulation and also reduces unemployment and crime in the society.

Remittance continue to play a significant role in the life of households in Nigeria by improving their living condition and gives hope to them, that's help in reducing tension and death as a result of hunger and other curable diseases and ailments. Its worthy to note that diaspora remittance continue to play a vital role in fight against hunger and diseases.

These findings agrees with the position of Ishaya, Stephen, Simeon, & Adi (2026) who reported that:

Nigerians living in diaspora continue to contribute immensely to economic and social development of Nigeria in many ways. Especially through remittance because majority of them have wives, parents, children, extended family, relatives and friends whom they support regularly through rendering financial support to them regularly. Diasporas can stimulate trade, foreign direct investment, business creation, entrepreneurship, and the transmission of new information and skills. Diaspora remittances also contributed immensely to agricultural growth and food security in Nigeria. Remittances provided vital financial support for households, enabling investments in agro-allied sector, such as acquisition of large farm land for gainful agricultural practices, purchasing seeds, fertilizers, farm implements and equipment for processing agricultural produce. Apart from financial contributions, the Nigerian diaspora plays a critical role in knowledge transfer and mentorship. Research have shown that mentorship programmes, skill development workshops, and international collaborations which assist to improve professionalism in various fields of endeavor (Ishaya, H., Stephen, A.R., Simeon, O.O & Adi, G.B., 2026).

## **12. Conclusion**

Based on the above findings, it is concluded that diaspora remittance had contributed to the economic growth of Nigeria in diverse way ranging from adding to Gross Domestic Product, increasing investment in business and Agriculture, building of houses, increase money in circulation, creating menial jobs thereby reducing unemployment and crime in the society, increasing household purchasing power by tackling feeding, school fees, house rent, medical bills, small scale business and farming as well as good living condition among others.

The positive impact of diaspora remittance to the Nigeria economy as well as various household is too big to be ignored due to its importance in shaping the economy and general well being of households in Nigeria. A lot of problem facing families is being solve easily with remittance there by giving the households the hope of surviving and increasing life expectancy.

## **13. Recommendations**

In respect of the above conclusions, it is recommended as follows:

1. There is need for federal government should encourage Nigeria diaspora by coming to their aid in case of racism or xenophobic attacks.
2. There is need for legislation by the national assembly that will makes migration to foreign country for legitimate business easier.
3. Legal Migration need to be encouraged
4. Nigeria Diaspora Commission need to be funded adequately to continue handling issues of Nigeria diaspora.
5. Unnecessary Bureaucracy should be removed from matters relating Nigeria diaspora.
6. There is need for improve computer knowledge and strong internet service for youths in the country to have access to vital information and other opportunities that are abound in foreign countries.

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