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## **DIASPORA REMITTANCES: IMPLICATIONS FOR NIGERIA ECONOMY**

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### **Abstract**

This paper examined the impact of diasporan remittances on the economic development of their home country with Nigeria in focus. Some perspectives consider remittances as a quantitative metric for measuring the impact of the Nigerian in diaspora on Nigeria's economic development. The colossal loss of human capital due to brain drain has posed a challenge to the economic development of Nigeria. However, considering that travelling overseas by their wards for greener opportunities is a long-term goal of several families who invest in their education, it becomes necessary to analyze their impact on the Nigerian economy. The study was situated within the classical and neo-classical perspectives of migration theory while data were collected from secondary sources. The study found out that the Nigerians in the diaspora make significant quantitative (remittance and investment), and qualitative contributions (education, health, and non-governmental services) to Nigeria's economic development. The paper, therefore, recommends that the Nigerian government through the Ministry of Finance and Economic Development should initiate policies that will provide a more enabling environment for Nigerians in the Diaspora to contribute to the development of the country. Encourage more remittances by a deliberate reduction of the cost of overseas remittances by the Central Bank of Nigeria.

**Key words:** Diasporans, Diasporans remittances, Migration, Economic Development, Nigeria economy

## Introduction

The United Nations as of 2017 estimated the number of Nigerians living in other parts of the world to be 1.24 million as cited in PwC (PricewaterhouseCoopers, 2019). According to the Pew Research Center, the size of the Nigerian diaspora ranges from two million to fifteen million. This figure is believed to have increased exponentially over the past years. While there are speculations about the specific number of Nigerians living in other countries, there is no doubt that the Nigerians in the diaspora has grown with increased migration. Since the early 1990s, international migration has increased significantly and has become an integral part of globalization while boosting foreign capital inflow into the country.

More recently, there has been a surge in international migration trends of Nigerians to African, European, Asian, and American countries for varying reasons: education, business, and professional pursuits. International migration is thought to be facilitated by the differences in the level of development among countries, with many migrating from less developed to more developed countries with relatively high per capita income (Telli, 2014). Nigeria, largely involved in this phenomenon, is characterized by the high emigration of its citizens to more developed Organization for Economic Cooperation and Development (OECD) countries. A commonly held view corroborating the difference in development levels as a cause of increased international migration is the Marxist-oriented perspective that assumes poverty and terrible social conditions are primary push factors for several Nigerians to exit the country. Yet, the highly skilled emigration rate from Nigeria is among the highest in the world to the OECD countries with a growing share of highly skilled migrants. This has led to the brain drain phenomenon where Nigerian migrants form a stock of highly skilled residents in other countries of the world.

The impact of brain drain from developing countries is a controversial issue on which two opposing paradigms are discussed. The first paradigm, which is the oldest and most widespread, posits that brain drain is detrimental to the economic development of the sending countries (Docquier, 2014). The argument is that the emigration of an individual with a higher than average level of education and income results in a decrease in the average level of income and education in Nigeria. Thus, Gross Domestic Product per capita is reduced and the average human capital that is needed for future growth is also reduced. Also, it results in a tax loss for Nigeria and a loss of externalities related to the education of the individual.

The second paradigm is more recent and challenges the first by putting forward two brain drain effects that could be beneficial to sending countries (David & John, 2010). The first effect is an incentive effect, which takes place before emigration, and leads families to invest in the education of their children in the perspective of future emigration. High income-OECD countries are home to the majority of the Diasporans (at least the highly skilled ones) from developing countries, including Africa. The second effect of the

second paradigm occurs after emigration and relates to the links that the Diaspora maintains with its original home country. These links include their financial transfers or their possible return home with acquired advanced skills and new ways of life that may be enriching to their homeland.

As a result, despite the widely held negative view of brain drain, Diasporans are significantly recognized as development partners due to the feeling of belonging which shapes their behaviour in exile and the willingness to participate in the political, economic and social development of the home countries (Brinkerhoff, 2011). This is exhibited by their participation in scientific, political, and business activities and endeavours. The networks so formed can potentially generate trade and capital flows and technology transfers. They can also contribute to the dissemination of social and institutional norms conducive to development in the home countries (Chacko & Gebre , 2012). Diaspora contributions boost the foreign capital of the Nigerian economy through remittances transferred; Pew Research Centre reports that Nigeria received its largest regional share of remittances from its diaspora (BUDIMAN & CONNOR, 2019). Remittances from the Nigerian diaspora make up approximately 6% of Nigeria's Gross Domestic Product (Alechenu, 2021).

Four significant development roles of the diaspora; provision of veritable migration information to prospective migrants, mobilization of prospective migrants' resources towards relocation, provision of an organizational structure that allows for easy relocation of prospective migrants and provision of economic support upon arrival of migrants in the destination country (Federal Ministry of Labour and Productivity, 2010). In carrying out these functions, migrants are seen to provide financial and technical support to prospective migrants through remittances and the supply of first-hand information on destination countries.

The most glaring contribution of the Nigerian diaspora to the Nigerian economy is the value of remittances received annually. This has grown exponentially over the decade; remittances received by Nigeria grew from \$5.66 billion in 2010 to \$17.57 billion in 2019, revealing a 210% increase in remittances. As of 2019, remittances contributed 5.3% of Nigeria's Gross Domestic Product (African Development Bank, 2021). Lucas (LUCAS, 2004) noted that remittances have become a significant means of financing balance of payments for low-income countries, as documented remittances to developing countries have surpassed Official Development Aid received by these countries. His work reveals that the sending country's education costs on migrants are a form of investments that yield remittances that have provided short-run poverty relief for some individuals' resident in the receiving country.

The study found out that on a micro-economic scale diaspora contributed to greater national productivity. According to Iheki, Nigeria national output numerical values may provide evident quantifiable contributions from the diaspora. it does not always translate

to the physical and economic development of the country receiving such remittances. Rather, it is the employment of these remittances that determine the impact upon the development of a country (Iheke, 2012). Invariably, individuals are direct recipients of the benefit emanating from diasporas. Remittances are only considered a potential source of development with the government being primarily responsible for the economic development of the country. These positions necessitate an understanding of the concept of economic development.

Understanding the concept of economic development provides a framework within which its realization can be assessed when highlighting the contributions of the Nigerian diaspora. Economic development is the sustained increase in a country's productivity per individual or labourer which takes cognizance of income distribution as well as the quality of life through indicators such as life expectancy, crime statistics, and environmental quality. It is the improvement of the capacities and potential of individuals, firms, and communities towards providing a higher quality of life for a larger number of people by the responsible production of goods and services. This higher quality of life is achievable through sustained innovation, increased access to educational opportunities, good infrastructure, and low financial transaction costs due to responsible regulation (African Development Bank, 2010). Against this backdrop, we can safely conclude that any contribution of the diaspora that improves the quality of life of a larger number of people and makes them more productive, impacts economic development.

On a macroeconomic scale, remittances contribute to greater national productivity. Between 1980 and 2010, Nigeria's national output increased as remittances into the country soared (Osabuohien & Efobi, 2013). This is possible when the spending and investment decisions of direct recipients of remittances drive production within the country. Remittances are a dominant source of Nigeria's foreign exchange employed by the government to finance economic transactions between Nigeria and other countries. For example, the government under the leadership of President Goodluck Ebele Jonathan drew targets toward the sale of open-ended financial instruments to the diaspora, to boost investments (Ogbu, 2011).

On a micro-scale, remittances aid poverty reduction in recipient communities within Nigeria (Ewubare & Okpoi, 2018). Such remittances have been a significant source of private financing for Nigerian households. Nigerian households expend remittances received on boosting their welfare. Food, education, physical and human capital, health care, and Information and Communication Technology (ICT) are the commonest expenditure items households purchased using remittances from relatives (Mashayekhi, 2013).

Beyond the Nigerian diaspora's financial remittances, programs led and organized by Nigerian diaspora returnees help abate poverty and boost development through the transfer of knowledge (Sharkdam, Akinkuotu, & Ibonye, 2014). While several definitions

including that of the International Monetary Fund (IMF) and International Organization for Migration (IOM) limit remittances to only financial resources sent to origin countries by migrants, Tewolde argues that remittances also include non-financial materials that the diaspora sends back to their households in their countries of origin (Tewolde, 2005). Holding on to this view classifies all activities of knowledge transfer and physical capital shipped from the diaspora as remittances. Whether or not this view is upheld, the knowledge transferred from the diaspora and goods received increase the capacity of recipients in the origin country to improve production. Consequently, non-financial remittances from the diaspora should also be considered.

Despite the potential of increasing financial remittances to impact Nigeria's economic development, several factors have impeded the proper utilization of such remittances for developmental projects in the country. Corruption, political unrest, lack of transparency, and excess focus on crude oil revenues, the ineffectiveness of the financial sector, and the absence of effective policies on remittance use are factors that have detracted from the potential gains of remittances (Tyburski, 2014). This is why beyond the value of remittances received by an economy; the government remains a critical actor in the collective action towards national development (Abdih, Chami, Dagher, & Montiel, 2012). Hence, the Nigerian government must deliberately partner with households, firms, and communities to improve the quality of life and create an enabling environment for the optimal use of remittances.

Given the above, therefore, financial and non-financial remittances from the Nigerian diaspora serve as viable forces capable of driving economic development. Nevertheless, these only serve as a means to an end - economic development. Hence, whether financial remittances are received, physical goods, equipment, or information, all these must be productively employed by pertinent actors. Financial remittances are usually at the disposal of the government, so the actions of the government greatly influence the level of impact such as remittances wield. Families and individuals who also receive financial and non-financial remittances ought to invest such in businesses and capital projects to foster development, rather than for immediate personal consumption. What therefore are the measurable impact of the contributions of Nigerians in the diasporas as opposed to the perception of brain drain impacting negatively on the Nigerian economy. What are the challenges or obstacles to process remittances by Nigerians in the diaspora? In addition to secondary sources, the paper adopted qualitative data that entailed in-depth interviews with key informants from Nigeria in Diaspora Organization (NIDO) and the Chartered Institute of Bankers to situate the study.

### **Theoretical Underpinning**

The models of migration theory adopted for this study is situated within the classical and neo-classical perspectives.

Migration is generally referred to as the movements of people from a geographical location to another. While this may satisfy the generic definition of migration, Startup (1971) sees migration from the sociological perspective as any instance of geographical movement of groups or persons that has a consequence for the group structure.

However, Douglas S, Joachim A, Graeme H, Ali K, Adeola P and Edward (2021) posited that the classical perspective of migration is premised on the micro-levels where decisions to migrate is reached at the individual and family levels. The decision to migrate at this micro-level is usually motivated by the desire to improve the income status of the individual or family at the home front. They also stated that the neo-classical perspective of migration is driven by geographic differences in the supply and demand for labour. According to them, countries characterized with high labour demand relative to capital have a propensity for paying high wages as opposed to countries with low labour demand relative to the low capital formation with attendant low wages. Labour from low wage countries is generally attracted to migrate to countries with high wage profiles.

Ravenstein in 1885, identified distance, urbanization and commerce as factors that drive migration in Britain's 19<sup>th</sup> century. He argued that the shorter the distance the greater the number of migrants especially if the destination is more urbanized with prospects of commerce and industrialization.

Lee (2009) examined and identified the Assimilation, Segmented and Spatial theoretical models to explain the processes of assimilation and adaptation of immigrants into the society using the United States as his example. The assimilation model explains the processes of bringing immigrants into mainstream society by making them imbibe the norms of their host society incrementally while the segmented model posits a deliberate diffusion of immigrants into several sectors of the society. The spatial assimilation model explains the movement of immigrant groups from their enclaves or neighborhood into areas that are occupied by the host society.

While the classical perspective of migration theory explains the emigration of low income and unskilled persons to the more developed organization for economic cooperation and development (OECD) countries, the neo-classical perspective explains the migration of the highly skilled to the more developed countries.

### **Analysis of the impact of brain drain on Nigeria's economic development.**

Two opposing schools of thought inform the potential impact of brain drain on the economy: that brain drain has toxic effects on the Nigerian economy on one hand, and that brain drain is beneficial to the Nigerian economy as brain gain on the other hand.

Akinrinmade and Ogen (Akinrinade & Ogen, 2011) view brain drain syndrome as the loss of skilled manpower to developed nations. Brain drain is the mass exit of African

intellectuals to Western nations which greatly precludes Africa's development due to increasing losses of the human capital necessary for its growth. Adefusika (Adefusika, 2010) posits that the toxic effects of brain drain come about when Nigerians fail to return; and argues that a social effect of brain drain is the establishment of a two-class society. In this stratified society, the top class comprises very wealthy individuals like those in political and government offices, and the bottom class comprises a large set of unemployed and poor individuals. Hence, the brain drain robs the Nigerian of the middle class that should be made up of professionals in varying spheres. A case in point is found in the study carried out by Oyowe (1996) posits that over 21,000 Nigerian Medical Doctors were practicing in the United States alone, yet Nigeria had not met the minimum World Health Organization standard of 20 Physicians per 100,000 people domestically. Consequently, brain drain remains a worrisome phenomenon when considering the consequences, it leaves on Nigerian locals.

Beyond the loss of human capital, brain drain results in the loss of public investment in education (Ojo, Ugochukwu, & Obinna, 2011). As of 2009, the estimated cost of training an average Nigerian student stood at \$15,000 and \$150,000 for medical students in Nigeria. Several educational institutions funded by the Nigerian government at state and federal levels have offered educational services to Nigerian emigrants at minimal costs. Hence, their permanent exodus from the country especially immediately after completion of their secondary or tertiary education in Nigeria yields zero returns to government investment in Nigerian education. However, family investment in education is considered to yield returns for the families of migrants. Families tend to diversify risks by having some members reside in the diaspora where prevailing conditions and adverse shocks in the destination country are relatively more bearable compared to those faced in the sending country (Lucas & Stark, 1985).

A survey carried out by (Ojo, Ugochukwu, & Obinna, 2011) further revealed the associated downsides of brain drain on the Nigerian economy. The decline in the number of working professionals in the country poses danger to the health and educational sectors. This has resulted in plummeted graduate enrollment rates, low literacy levels, and high mortality rates. Medical professionals who could have contributed positively to the health index of the country are situated in various hospitals in developed countries of the world. In 2005, a total of 1805 medical graduates from five leading tertiary institutions in Nigeria migrated to the United States of America. This migration trend is equally rampant among academicians, and this depletes the pool of required teaching staff across all levels of Nigeria's educational sector, consequently watering down the quality of Nigeria's education. Therefore, brain drain is not only considered to be the physical exit of intellectuals, but also the escape of knowledge and information (Docquier & Rapoport, 2012). In addition to these, the Nigerian economy loses revenue that would have been generated from the taxable assets of Nigerians who have migrated to other countries.



The second school of thought considers brain drain as beneficial to the economic development of sending countries. The benefits of brain drain, commonly referred to as 'brain gain' play out when: (i) skilled professionals participate in training and research with African-based professionals; (ii) information, research findings and technology not readily available in the sending country are transferred to local institutions from the diaspora; (iii) business contacts, commercial and research projects are initiated between local professionals and those in the diaspora (Ite, 2002). Brain drain is seen as an alternative to economic growth for individuals (Docquier, 2014). This helps to reduce the pressure on already inadequate infrastructure in the origin country.

Brain drain serves as an incentive to increase skilled labour from sending countries (Kangasniemi, Winters, & Commander, 2007). Due to the high demand for skilled labour in destination countries, several Nigerian migrants are encouraged to further their education and develop relevant skills that would be equally useful for the development of Nigeria. The benefit of brain drain is seen where these trained emigrants return to Nigeria or provide services that would have cost the Nigerian economy more if expatriates were employed.

While brain drain is considered a stumbling block to Nigeria's economic development, Nigeria's underdevelopment has fueled this brain drain. A survey carried out by Nwajiuba (2005) found economic factors and education to be the most predominant reasons for migration from Nigeria: 80% of the respondents migrated from Nigeria for economic reasons while 16% of respondents migrated to further their education. Adefusika (2010) highlights the internal and external factors that simultaneously bring about brain drain in Nigeria. Internal factors such as unemployment, erratic electricity supply, low wages, unconducive working environment, corruption, political instability, and insecurity have been responsible for pushing Nigerians to seek better living conditions in developed countries. External factors such as increased employment prospects, higher competitive wages, economic and political stability, better working conditions, and higher living standards attract Nigerians to more developed countries. Multinational companies with onboarding programs also make relocation to developed countries easier for their employees.

### **Contributions of Nigerians in the Diasporas to Nigeria's economic development**

The earliest members of the Nigerian diaspora - the late Dr. Nnamdi Azikiwe, Dr. Obafemi Awolowo, Akintola Williams, and Tafawa Balewa - are known to have made groundbreaking contributions to Nigerian's political economy. They comprised the first set of Nigerians to acquire foreign education, and they returned to Nigeria to galvanize the struggle for Nigeria's independence from British colonialism and the establishment of a Nigerian democratic government (Seriki, 2017). Over time, following the account of

the formation and development of the Nigerian diaspora, the Nigerian government in conjunction with several diaspora organizations has set up projects and engaged in activities to contribute to Nigeria's economic development.

In 1999, the year that marked Nigeria's adoption of presidential democratic civilian rule, President Olusegun Obasanjo made significant efforts to involve the Nigerian diaspora in his leadership. He actively interacted on many occasions, with Nigerians living abroad and he took cognizance of the potential of the Nigerian diaspora as valuable stakeholders in Nigeria's development (Sharkdam, Akinkuotu, & Ibonye, 2014). According to Modupe (2018) President Olusegun Obasanjo is considered the first Nigerian president to initiate dialogues with the Nigerian diaspora in 2000 towards nation-building; the first dialogue was held in Atlanta in the United States of America while subsequent meetings took place in London and Abuja.

Consequently, the Nigerian National Volunteer Service (NNVS) was established as a pioneer diaspora organization. The Nigerian National Volunteer Services (NNVS) on the other hand, was established by Nigeria's Federal Executive Council and functions under the Secretariat of the Nigerian government. NNVS engenders engagements resulting in human capacity development between the Nigerian diaspora and citizens resident in Nigeria. Through sabbatical leaves, short-term visits for skill transfer and training and summer courses, NNVS invites Nigerians in the diaspora, thus helping to convert brain drain to national gain (Ogen & Akinrinade, 2011). In 2006, the NNVS organized the 2nd Science and Technology conference, where the Nigerian Diaspora Day was declared to be observed yearly on July 25, under the presidency of Olusegun Obasanjo (Marchand, Langley, & Siegel, 2015). Hence, the activities of NNVS paved the way for the establishment of a day dedicated to the Nigerian diaspora. Modupe (Modupe, 2018) noted that despite the activities of the Nigerian diaspora, their contributions through knowledge transfer could not be quantified through Nigeria's Gross Domestic Product, however, the establishment of the NNVS helps value and record the quality of such contributions.

According to Wapmuk, Akinkuotu, & Ibonye (2014), the regime of General Olusegun Obasanjo from 1976 to 1979 fostered bilateral trade relations with the United States of America and improved Nigeria's foreign policy, resulting in the successful organization of the Festival of Black Arts and Culture (FESTAC) in 1977. Subsequent dialogues with the Presidency of General Olusegun Obasanjo and the Nigerian diaspora led to the establishment of the Nigerian in the Diaspora Organisation (NIDO) in 2001.

The Nigerian in the Diaspora Organisation (NIDO) Worldwide was established to strengthen and formalize the relationship between the Federal Republic of Nigeria and all its citizens resident abroad (Akiode, 2017). Singapore, Malaysia, Australia, South Africa, Ghana, Burkina Faso, Cote d'Ivoire and almost all European countries are regions where NIDO has set up its branches in Nigerian embassies (De Haas, 2006). NIDO is saddled with the responsibility of managing developmental projects and meets regularly to discuss

developmental projects to be handled by the Nigerian diaspora. Related contributions of NIDO have been explicitly mentioned by some authors. Babawale (Babawale, 2008) for example highlighted the role of a famous Nigerian clinical pharmacologist, Professor Peter Nwangwu, who relocated from the United States of America to Nigeria to assist Nigeria's Pharmaceutical industry with his expertise. Adisa (Adisa, 2010) also noted that approximately four hundred business professionals in the Nigerian diaspora visited Abuja in December 2010 to identify potential investment opportunities for the Nigerian diaspora, and to address brain drain.

Smaller diaspora organizations have in their own right made contributions to Nigeria's economic development in the past. An analytical study by Nwadiuko, James, Switzer, & Stern (2016) highlighted past contributions of US-based Nigerian physicians who were attendees of the 2011 annual convention of the Association of Nigerian Physicians in the Americas (ANPA). Of 156 of these physicians, 29% had donated \$1000 to Nigerian health care systems and 57% had embarked on medical trips to Nigeria in the last ten years. The authors also made mention of a respondent who gave annual pediatric lectures in his alma mater, and generally posited that contributions from the ANPA came in cash and kind. In 2010, academicians from Nigeria's diaspora collaborated with the Nigerian University Commission (NUC) and came up with best practices that could be employed in university management. This meeting led to the promotion of exchange-related study programs between Nigerian institutions and institutions in foreign countries (Asiyai, 2015). Nigerians in the Diaspora have also leveraged on Information and Communication Technology (ICT) to drive activism: this led to the establishment of Kudirat Radio later renamed Radio NADECO, that criticized the policies and programs of President Abacha's regime, thereby contributing to Nigeria's struggle for democracy (Mustapha, 1996). This political contribution had economic implications for Nigerian citizens due to increased freedom rights, including better employment wages.

There have also been organizations that have fostered Diaspora contributions to Nigeria's economic development. A quintessential example is the Industry Growth, Investment and Competitiveness in Africa (IGICA) Group, considered a response to the establishment of The Nigerian in the Diaspora Organisation. The primary goal of the group is to provide an environment that breeds partnerships for knowledge transfer and commercialization in the Nigerian industry. Through IGICA, the relationship between Nigerians resident in developing and developed markets has been strengthened, as well as connections between the private and public sectors in African countries (Sunday, 2017). The Directorate of Technical Cooperation in Africa (DTCA) was established in 2001 to bridge the gap existing between African economies and those of developed countries, to boost Africa's scientific knowledge and to provide an enabling environment for Nigerians and other Africans to invest in African economies. In summary, several efforts of the Nigerian diaspora are cumulatively geared towards the development of the country in the area of investments, education, politics, and societal welfare.

## *Quantitative Contributions*

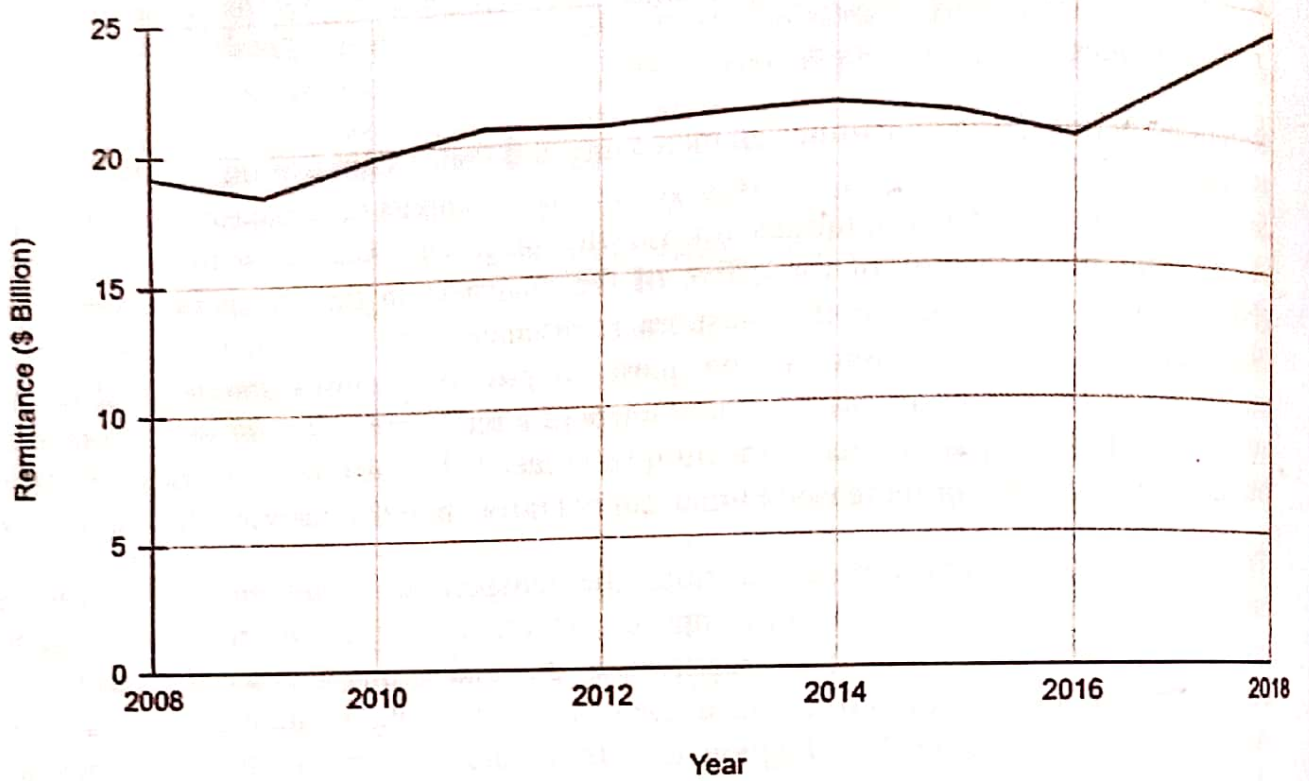
### *1. Remittances*

Remittances to Nigeria constitutes an increasing and major source of income to Nigeria's economy and the foreign exchange reserve. Several members of the diaspora send money to their relatives and communities for varying purposes. According to a respondent, Alhaji Ibrahim Shobande, of the office of the chairman in the Diaspora Commission (NIDCOM), "The inflow of the diaspora remittances has been on the rise as more Nigerians who left the country in the quest for greener pastures abroad send foreign currencies to their families back home. Diaspora's remittances do not only represent a source of relief for households in meeting basic needs but also helps in facilitating the building of resources for increased human capital through both education and healthcare"

This implies that monies received from the diaspora by Nigerian households are channeled towards household consumption, which in turn drives production in the country. As beneficiaries of these remittances demand goods and services within the country, more production takes place thereby contributing to national productivity. Another respondent, Dele Omoshegbon, a professor of Economics in the United States of America and a member of Nigerians in the Diaspora Organisation (NIDO) noted that "remittances are used by relatives and recipients in Nigeria for personal, family, social and developmental needs". This finding on remittance use aligns with the contributions of Afaha (Afaha, 2013) and Oluwafemi & Ayandibu, (2014) who posit that remittances are used by households to alleviate poverty and finance family consumption on items such as food, health, and education.

Alhaji Ibrahim Shobande also highlighted that data from the National Bureau of Statistics record inflows of \$96.5 billion from the Nigerian diaspora between 2013 and 2018. Data from The World Bank shows that remittances into Nigeria remain on the rise, and predicts even more inflows in coming years. The graph below summarizes remittance inflow into Nigeria for over ten years:

**Figure 1: Remittance Inflows into Nigeria (2008-2018)**



Source: Author

**Data Table Showing Remittances into Nigeria from 2008-2018**

Year	Remittance (\$ Billion)
2008	19.2
2009	18.4
2010	19.7
2011	20.6
2012	20.5
2013	20.8
2014	21
2015	20.6

2016	19.7
2017	22
2018	24.3

Source: *The World Bank (2020)*

Figure 1 above shows the increasing trend in remittance inflows into Nigeria with a record-breaking value of 24.3 billion Dollars in 2018. Remittances grew by 26.6% between 2008 and 2018. We can also deduce from this data that the size of the Nigerian Diaspora is likely on the increase, with more Nigerians having access to foreign earnings which they could send back to relatives and friends in Nigeria.

Members of Association of Nigerian Physicians in the Americas (ANPA) donated a thousand dollars \$1000 to the development of Nigeria's health care system years to 2011

## 2. Investments

Members of the diaspora invest in businesses and corporate social responsibility of corporate bodies functional in Nigeria. This finding is exemplified by the historical contributions of some members of the Association of Nigerian Physicians in the Americas (ANPA) who made donations of at least a thousand dollars (\$1000) to the development of Nigeria's health care system during the years leading up to 2011 (Nwadiuko, James, Switzer, & Stern, 2016). A respondent, Mr. Adewale Joel Adebisi, a Fellow of the Chartered Institute of Bankers of Nigeria (CIBN) noted that remittances pass through commercial banks when sent to relatives. Hence, commercial banks from service charges can generate revenue that contributes to banks' capital for investments. According to the Nigerian Investment Promotion Commission, Dr. Abraham Nwankwo, the Director-General of the Debt Management Office as of 2017, revealed that the first-ever Diaspora bond which was targeted towards Nigerian retail investors situated in the United States was oversubscribed to at 130% (Chima, Obinna (ThisDayLive);, 2017). Speaking on the Diaspora bond, Dr. Abraham Nwankwo further stated that:

"The diaspora bond has opened a new source of financing for the Federal Government of Nigeria for funding projects for the development of the country. This new window further enhances funding liquidity and flexibility of the Nigerian economy, which are necessary characteristics as the country gathers momentum towards the attainment of advanced economy status"

Hence, investments from the diaspora remain a potential source of funds towards developmental projects that the country seeks to embark on. United Capital Trustees Limited, a subsidiary of United Capital Plc (a leading financial services group in Africa) launched the privately managed Diaspora Trust Fund in 2019 which enables individuals

in the diaspora to invest both in Naira and Dollar values. Mr. Tokunbo Ajayi, Managing Director of United Capital Trustees Limited, in addressing the importance of the Trust fund explained:

"With an ever-increasing size of Nigerians in the Diaspora, spread across countries like UK, USA, Ireland, UAE and Canada the birth of the Nigerian Diaspora Trust, comes at a time when Nigerians living abroad want to invest and build legacies back home but are often faced with the fear of the credibility and reliability of friends and family to carry out their wishes". Our Nigerian Diaspora Trust is a professionally managed fund designed to generate competitive returns while alive and upon the demise of the individual. With confidentiality that is preserved, the trust will help carry the burden of being your representative where they are not physically present to oversee and execute their investment and home-coming plans" (Nwachukwu, 2019).

More financial institutions have begun to see the potential need that Diasporans have in investing in Nigeria. The Diaspora Trust makes it easier and more reliable for funds to be effectively employed in the development of the country.

### ***Qualitative Contributions***

Apart from remittances employed for consumption and investment purposes, the Nigerian diaspora makes great contributions to which monetary values cannot be attached. Alhaji Ibrahim Shobande, of the office of the chairman in the Diaspora Commission (NIDCOM), listed the following contributions that have been made and are being made under the auspices of NIDCOM;

- (i). The Imo State Congress of America (ISCA) has brought together Imo diasporas worldwide as well as investors, entrepreneurs and prominent persons through the Imo Diaspora Day (DDI) held on the 28<sup>th</sup> of December 2017 in Owerri. The Imo day was aimed at repositioning Imo State for economic advancement and good governance.
- (ii). The Association of Nigerian Physicians in America (ANPA) through the diaspora professional healthcare initiative aimed at improving healthcare delivery in the country. The Diaspora Professionals Healthcare Initiative (DPHI) is to among other things harness the abundant resources of highly skilled Nigerian diaspora healthcare practitioners and increase their participation in Nigeria to strengthen its health systems.
- (iii). A total of 49 surgeries had been performed within the last five years during the open-heart missions for children in the National Hospital Abuja.

## **1. Education/Knowledge Transfer**

Several Nigerians return to Nigeria, either temporarily or primarily to conduct training and improve the access of Nigerians to quality education and cutting-edge technical skills. The United Development Program (UNDP) organizes the Transfer of Knowledge Through Expatriate Networks (TOKTEN) Program that creates a quintessential platform linking Nigerian professionals in the diaspora to foster the transfer of knowledge necessary for the development of the country. Other Organizations such as Nigerians in Diaspora Organisation Europe (NIDOE) and Central Association of Nigerians United Kingdom (CAN-UK) among others partner with the Nigerian government to foster education.

## **2. Health/Technical Services**

The Association of Nigerian Physicians in America, in conjunction with Anambra State Association and Women and Calvary Torch International, treated about six thousand (6000) patients in six (6) communities in Anambra State during a Medical Mission in 2012. This finding reaffirms the active contributions that Nigeria Diaspora physicians are making to develop the health of citizens in the country.

## **CONCLUSIONS AND RECOMMENDATIONS**

Nigeria's economic development is undoubtedly hinged, to a significant extent, on the country's relationship with its diaspora. The contributions made by Nigerians in the diaspora, in both cash and kind, remain a viable channel and vital component for improving national living standards in the country. There remains a wide vacuum for the Nigerian government to fill for the contributions of the Nigerian diaspora to be effectively maximized. With greater collaborations among the Nigerian diaspora, the Nigerian government and resident Nigerian professionals, the speed of economic development would be heightened, and related impacts would become more evident.

The Federal Government of Nigeria has taken bold steps towards the inclusion of the Nigerian diaspora, from endorsing dual citizenship to earmarking a day in celebration of the Nigerian diaspora (Balogun, 2021). However, the Nigerian government needs to provide an enabling environment that makes the involvement of the Nigerian Diaspora in developing the country easier. Dr. Yakubu Bassi, Permanent Secretary of the Nigerians in Diaspora Commission, explained that exorbitant costs of sending remittances through financial institutions, and the instability of the Nigerian business climate discourage inflows from the Nigerian Diaspora. Furthermore, the deployment of remittances lies in the hands of the government, especially when remittances come from the sale of government bonds.

Consequently, to ensure that remittances - a major benefit derived from the Nigerian diaspora - translate to economic development in the country, the Nigeria central bank and



the Federal ministry of finance should: (i) Reduce remittance sending costs as an incentive to encourage more inflows from the Nigerian diaspora; (ii) Allow government diaspora funds to be managed by private financial institutions with greater transparency and results-oriented investments. For example, the Diaspora Trust Fund managed by United Capital Ltd has encouraged more members of the diaspora to invest in the country; and (iii) Ensure that development projects are more inclusive. Remittance funds should be channeled towards establishing more reliable road networks between rural and urban areas

While it is not a new call to the government, for the nation to be made more conducive for businesses to thrive, it remains a priority goal for Nigeria's economic development (The World Bank, 2019). Insecurity and terrorism could destroy in minutes, what the government, citizens and the diaspora have built over time. It, therefore, behooves the Nigerian government to provide greater support and security for businesses in the country. This would boost investor confidence of Nigerians in the diaspora and would maximize the productivity of professional's resident in the country. Besides, superfluous protocols associated with collaborating with the government make it difficult for members of the diaspora to complete projects or get viable project proposals approved. Consequently, the government should take measures to simplify processes in interacting and collaborating with the diaspora on development projects. In fostering more effective communication and collaboration with the diaspora, new technologies should be leveraged on as this would save the costs of transporting professionals from the diaspora to Nigeria to meet over development projects and diaspora relations. It would also ease communication and dissolve delays associated with bureaucratic processes. (Tebeje, 2005).

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