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Patterns and Outcomes of Migration and Remittance Flows in Nigeria: An Exploratory Evidence

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Abstract: *This study examines patterns and outcomes of migration and remittance flows into Nigeria. The analysis includes remittances from persons who were not former members of households but who send remittances to households in the country as well as return migrants. The aim is to study the effects of remittances on the economy of Nigeria as their implications for growth, while taking into cognisance income from the country of origin. Results show that there are differences in the number of households that receive remittances in different regions of the country (North vs South), and there are also differences in the number of senders from different destinations. The study also shows that both internal and international migrations in the country are driven by the search for meaningful livelihood, particularly as it relates to improved employment opportunities. To this end, this study serves as a fundamental step towards understanding dynamics of migration and remittances in Nigeria. It therefore recommends that sound labour and migration policies should be implemented by the government in order provide jobs for the rapidly growing population and also to maximise the benefits of internal and international migration (within and outside the continent).*

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1. Introduction

International migration flows have been discussed in depth in the literature on economic development. In fact, migration now plays a significant role in the growth of less developed countries. Evidence shows migrant remittances constitute the second largest source of foreign transfers to the developing world with Foreign Direct Investment (FDI) coming first. Remittances have also been found to play a more vital role than official development assistance, public capital transfers and public aid (World Bank, 2014).

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Consequently, international organisations and agencies such as the World Bank, IMF and others, argue that remittances constitute a vital force in the growth process of developing countries. In fact, it is regarded as an engine of development.

Nigeria, like other developing countries, is recipient country and so is the Philippines which literally depend on migrant remittances to fund its development needs. Relative to many other developing countries, the number of Indian migrant labour in the developed world help boost the nation's development via their remittances. Mexico and a number of Latin American countries continuously push US, Canada and other developed countries to relax its immigrations rules because of the important part migration and remittances now play in the daily subsistence of their citizens. Samoa, with over half of the population outside the country, strict international migration policies can adversely affect its economy. In some countries, remittances from abroad account for almost 50% of their GDP (World Bank, 2014). The debate on the role of remittances is centred on the following: First, although remittances may be spent on investment-type goods (e.g., education, health, housing or other durables), they may not be productive businesses. Second, even if remittances are not directly spent on investment in business or in human capital, they may free up other resources for spending on such investments. This is because remittances like every other source of income are fungible. Third, remittances may generate new local employment opportunities since increased spending on consumer goods may create incentives for the establishment of new retail businesses (unless the goods are imported) that may be beneficial for local development (Castaldo & Reillydo, 2007).

Consequently, understanding the dynamics of migration is critical for development of the Third World. Clearly, for many years, attention of global policy makers has been on the movement of capital and goods, with little coordinated efforts on policies affecting movement of persons. Demand by most developing countries to include the movement of persons in WTO negotiations underscore a growing realisation that this area of comparative advantage for developing countries may no longer be ignored. However, h data and studies to enable one to understand migration at the national and global levels as well as its attendant challenges and gains accruable to participating countries are lacking. Assessment of trends, which in turn form the basis of policies on intra- and inter-national movement of persons, are mainly based on anecdotal evidence. Very few studies have looked at the economic and social impacts of current trends in international migration and remittances. Studies that have contributed to the debate on migration patterns and remittances include consumption patterns of remittance receiving households (Zarate-Hoyos, 2004); economic impact of remittances (Ballard, 2005); debate on immigration and its deathly silence on development

(Clemons & Bazzi, 2008); incidence and effects of remittances on income (Loritz, 2008); migration and the welfare state (Razin, Sadka & Suwankiri, 2011); how migration is changing our world (Collier, 2013); labor migration and inclusive growth (Randolph, 2015); remittances and the business cycle (Supriyo, Islamaj, Kose & Yousefi, 2016) and remittances and natural disaster (Bettin & Zazzaro, 2016). Again, in Nigeria for instance, research on migration and remittances have been conducted at the micro level targeting specific regions of the country (Fonta, Onyukwu & Nwosu, 2011; Oluwafemi & Anyadibu, 2014; Otupuru, 2014; Odior, 2014; Alenkhe & Longe, 2015; Okodua, Olabanji & Urhie, 2015). In view of these empirical studies, it is clear there are limited studies on migration and remittances and their impacts on socio-economic indicators. However, none of these studies was really comprehensive or examined migration patterns (in terms of destination and origin) and the outcomes of migration and remittance flows in the Nigerian economy. This is the gap this current study intends to fill.

Remittances, one of the major products of migration, have been growing in both size and importance in many developing countries. Nigeria boasts nearly 50% of all remittance flows to Sub-Saharan Africa (SSA) and therefore, it is no longer a matter of supplementing other sources of development and household finance; it is now a major anchor in household financing of development and social growth. At the macro level, recorded remittance flows are estimated at $18 billion in 2007, and have surpassed all forms of externally generated development finance with the exception of oil income (Central Bank of Nigeria, 2007; Orozco & Millis, 2008; Hernandez-Coss & Bun, 2007). Unrecorded flows are projected to be nearly as large and when added, overall remittance flows could range anywhere between 12% and 17% of GDP compared with 3.2% FDI and 0.6% non-oil receipts (Agu, 2009). Against this background therefore, the objective of this study is hence to (i) Explore the patterns of migration in Nigeria in terms of destination and origin and (ii) Investigate the outcomes of migration and remittance flows in Nigeria. It is an explorative study and the findings indicate there are differences in the proportion of households that receive remittances in different regions of the country (North vs South), and there are also differences in the proportion of senders from different destinations. Thus, migration destination matters in Nigeria. Interestingly, results show that approximately 47% and 36% of migrants from urban areas in Nigeria and from African countries send remittances and 36% of migrants in other countries besides the Organization for Economic Cooperation and Development (OECD) sent remittances respectively. Again, remittances for such items as food, marriages and funerals and house reconstruction were mostly from migrants in urban and rural areas in Nigeria. While the internal migrants are active in providing funds for food, marriages and funerals, migrants from other regions, particularly those from the OECD, are increasingly providing funds for health, education and other capital intensive projects. While a variety of channels are available for migrants sending remittances, this study shows that the channels mostly used by migrants in any destination depends on a combination of factors, prominent among which are availability and cost of channel. Some destinations have access to a wider variety of channels at lower costs. Finally, results show that both internal and international migrations in the country are driven by the search for meaningful livelihood, particularly as it relates to improved employment opportunities.

2. Data and Methodology

The methodology of this study follows the 2006 National Population Census providing the sampling frame. The National Bureau of Statistics (NBS) frame has 23,070 Enumeration Areas (EAs) in the 776 Local Government Areas (LGAs), consisting 36 states and Abuja Federal Capital Territory. For the purpose of the study, the States were classified into either high or low migration and regrouped into four regions – the North, South East, South South and South West (the three political units in the North were grouped into one given that relatively fewer states were selected from the North generally on account of being predominantly a low migration zone).

Following a random selection of 3,188 enumeration areas with the help of the National Bureau of Statistics, a sampling procedure based on expert knowledge of the country was adopted. A ratio of 2:1 in favour of the high migration states produced 12 states from the high migration stratum and 6 states from the low stratum. Three LGAs were randomly selected from each high stratum state while the states in the low stratum had 2 Local Governments (LGs) selected from 3 of the states each and 1 LG each from the other three to make a total of 45 LGs i.e. (3x12) + (2x3) + (1x3). Thereafter, 2 EAs were selected per sample LGA to yield a total of 90 EAs. Households were considered according to three strata – those with an international migrant, those with an internal migrant and those with no migrant.

Each sample EA was partitioned using a defined procedure into an average of 6 to 10 segments and one was randomly selected. The random list from NBS was used in locating the lead households from where the partitioning of the households took off. The target 2,000 households for the study were near evenly allocated to all Local Government Areas in the sample. Actual sampling of households was through a 2-phase sampling that first lists all households in a randomly selected part of the EA with about 100 occupied households (in both urban and rural EAs). Adjustments in the sample results were made using household weights, calculated as the inverse of the probabilities of selection of each household, taking into account all the stages of selection. The final sample is shown in Table 1 below.

Interviewer-administered questionnaires were used to obtain primary data. The study also employed descriptive statistics that include frequency, percentages, bar charts and line graph for analysis.

Table 1: Number of sampled households by regions

	By region		
	No of states selected	**No of LGAs selected**	**No of EAs selected**
North	6	9	18
South	12	36	72
Total	18	45	90

	Listed migrants- strata				
	North	**%**	**South**	**%**	**Total**
Those with international migrants	4	0.49	813	99.51	817
Those with internal migrants	305	9.45	2,922	90.55	3,227
Those with no migrants	1,441	35.75	2,590	64.25	4,031
Total	1,750	21.67	6,325	78.33	8,075
Migration incidence	0.23	-	12.85	-	10.12

	Interviewed migrants-strata				
	North	**%**	**South**	**%**	**Total**
Those with international migrants	3	0.53	560	99.47	563
Those with internal migrants	173	19.77	702	80.23	875
Those with no migrants	406	49.94	407	50.06	813
Total	582	25.86	1669	74.14	2251

3. Findings from the Survey

3.1 Remittances from Former Household Members

In his study of remittances and poverty in Guatemala, Adams (2006) noted that it is possible to treat remittances as exogenous income transfers. In this case, the question is how such remittances affect poverty and income in home countries. Remittances can also be treated as a potential substitute for home earnings in which case it would be interesting to simulate counterfactuals on the poverty and revenue of a country with and without remittances. On the strength of his assumption of remittances as potential substitute for home earnings, Adams (2006) proceeded to simulate effects of remittances on the Guatemalan economy. The question whether remittances are one-off transfers or substitutes for home earnings cannot be answered without reference to the economic and employment situation of the home country vis-a-vis opportunities for migrants in the destination countries.

3.2 Migration Patterns

Before examining migration patterns in Nigeria, the states were regrouped into four regions- the North, South East, South South and South West. Given that North is predominantly a low migration zone, only a small number of states were selected and the three political units in the area were grouped into one, i.e. North. The regions were broadly grouped into two (North and South) to identify high and low migration incidence regions. The coefficients of migration incidence are presented in Table 1. The results show that there is high migration incidence in the South (12.85) as against low migration incidence (0.23) in the Northern region. This means that migration occurs more frequently in the Southern part than in the Northern part of the country. The implication also is that total remittances will be higher than the Northern region given low migration incidence in the latter.

3.3 Migration Destinations

Table 2 shows the remittances by regions, residence and destination countries of the migrants. For the three main regions in the South – South East, South South and South West – there seems to be only minor variations in the proportion of households that report receiving remittances over the last one year from former household members. While the South East has the highest proportion of migrants, it is the South West that has the highest proportion of migrants that sent remittances to their households (56%). This is followed by the South South where 55% of households reported receiving remittances from migrants who are former household members. In the South East, 53.8% of migrants sent money over the last one year. Fewer migrants sent money to households in the North and Lagos. For the North with already very low proportions of both internal and international migrants, only 39% of migrants sent money home. This implies the remittances sent home by Northern migrants were relatively smaller compared with other regions such as South – south East, South South and South West. Lagos' unique feature of being exclusively urban may be partly responsible for its very low (only 25%) proportion of migrants who send money home. Meanwhile, as much as 51.8% of migrants linked to rural households sent remittances compared with 44.4% of migrants linked to urban households. In a way, remittance flows are influenced by the relationship between migrants and their former households (where there are stronger cultural bonds) compared with the urban areas where such bonds are weaker. It is also possible that the volume of remittance to rural households is higher compared with urban areas.

Table 2: Migrant remittances by region

Region	Yes	%	No	%	Total
North	128	38.79	202	61.21	330
South East	364	53.77	313	46.23	677
South South	651	55.03	532	44.97	1,183
South West	271	56.11	212	43.89	483
Lagos	121	25.1	361	74.9	482
Urban	584	44.41	731	55.59	1,315
Rural	951	51.77	886	48.23	1,837
Urban Nigeria	957	46.75	1,090	53.25	2,047
Rural Nigeria	72	22.64	246	77.36	318

Table 3 shows remittances sent from other regions (outside Nigeria). It is not surprising that the volume of remittances from OECD countries is high at 72.35%. This is largely attributed to higher income levels in the OECD region and also the extent to which most households in Nigeria depend on remittances from OECD countries. In contrast, there were not many migrants who sent money from Africa (44.66%). This is also not unusual as most Nigerians who travel abroad to eke out a living usually prefer OECD countries to African countries mostly because of exchange rate. Similarly, remittances from regions other than OECD and African region was low (36.36%).

Table 3: Migrant remittances from other regions

	Yes	%	No	%	Total
OECD	403	72.35	154	27.65	557
Africa	92	44.66	114	55.34	206
Others	8	36.36	14	63.64	22
Overall	1,535	48.65	1,620	51.35	3,155

3.4 Characteristics of Migrants

Table 4 shows the relationship of migrants to household heads. Majority (above 50%) of former household members who are migrants are sons and daughters of household heads. Next in line in terms in relationship to household heads are brothers and sisters in the neighbourhood (20%) while grandchildren account for 10% of all cases. Thus, more than 50% of all migrants are either sons or daughters of household heads in nearly all classes of household types - with 57% internal migrant households have sons or daughters who are also migrants. The other group consist of brothers and/or sisters (23%) for all household types. So, more mature households that have former household members as migrants. Another interesting observation is the characteristics of the migrants from the different sources countries. Here, results show that the amount of remittances from international migrants is higher among grandson/daughter (225 out of 449), compared with the son/daughter (756 per 1,866). This is because the younger generation is more likely to seek greener pastures abroad.

Table 5 shows that the amount of remittances to households whereby a larger amount of remittances came from those who were formerly household heads before travelling, spouse and partners were 75%, 73.8% and 75% respectively. This is not surprising because migrants in these categories mostly consider their former households' welfare as their responsibility even while away. This is followed by son/daughter (55.8%) and father/mother (50%). This implies that significant amount of remittances originate equally from son/daughter and father/mother.

3.5 Remittances Sent from Different Destination

Evidence from the survey shows that there are differences in the number of recipients households that receive remittances in different regions of the country and also there are differences in the proportion of senders from different destinations. For example, Figure 1 shows migrants who remit over the one year prior to the survey and the average volume of remittances in US Dollars from different destinations. The primary vertical axis (the left axis) is linked to the line graph and shows the average amount of remittances sent from each region while the secondary axis (on the right) is linked to the columns and shows migrants from each region that sent remittances over the last one year. Sources of remittances are urban and rural areas within Nigeria, OECD countries, other African countries and other countries outside the African continent but which are not in the OECD. Interestingly, approximately 47% of migrants from urban areas in Nigeria and from African countries remitted while 36% of migrants in other countries besides

Table 4: Relationship of migrants to household heads

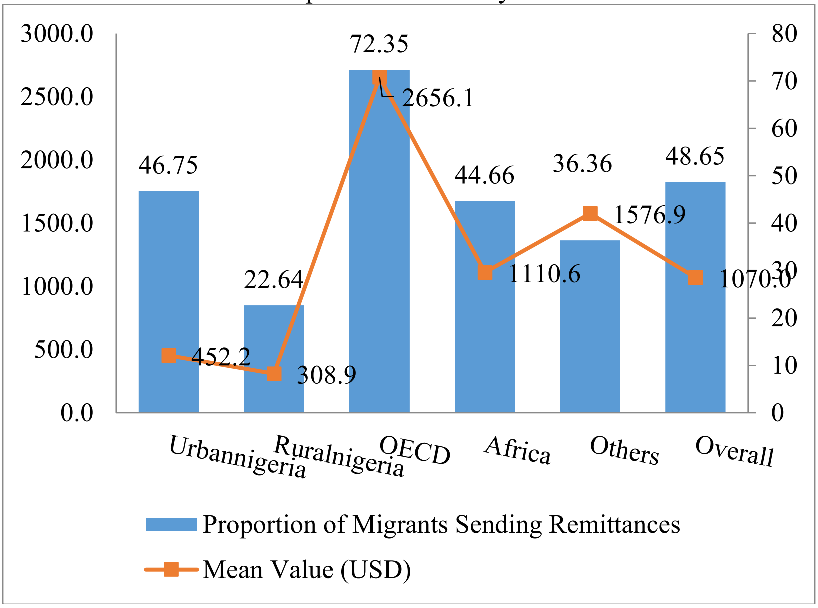
Relationship to household head	Overall		Internal migrant		International migrant	
	Freq.	**%**	**Freq.**	**%**	**Freq.**	**%**
Son/daughter	1,866	56.04	1,080	56.75	756	54.7
Brother/sister	777	23.33	457	24.01	312	22.58
Grandson/granddaughter	449	13.48	220	11.56	225	16.28
Son/daughter-in-law	76	2.28	43	2.26	31	2.24
Spouse	45	1.35	30	1.58	15	1.09
Other relative	44	1.32	34	1.79	10	0.72
Head	30	0.9	19	1	11	0.8
Nephew/niece	23	0.69	6	0.32	17	1.23
Father/mother	11	0.33	9	0.47	2	0.14
Parent-in-law	5	0.15	3	0.16	1	0.07
Partner	4	0.12	2	0.11	2	0.14
Total	**3,330**	**100**	**1,903**	**100**	**1,382**	**100**

Table 5: Do migrants remit money to household?

Relationship to household head	Yes	%	No	%	Total
Head	21	75.0	7	25.0	28
Spouse	31	73.8	11	26.2	42
Partner	3	75.0	1	25.0	4
Son/daughter	970		767		1,737

the OECD and Africa did so. For migrants within rural areas possibly constrained by lack of infrastructure and income, only 22.6% of migrants sent remittances over the last one year. In contrast, as much as 72.4% of migrants from the OECD remitted over the last one year. While this may not be altogether surprising to those familiar with the remittance scene in Nigeria, it is still striking that nearly double the number of migrants from the OECD send remittances compared with any other source country.

Figure 1: Proportions of migrants that sent remittances the year prior to the survey



Note: The Y-axis shows the average value of remittances sent in US Dollars from different destinations

Furthermore, the average amount of remittances from the OECD is nearly twice that of other migrant destination countries. For example, while average amount of remittances from other parts of the world (outside Africa) at USD1,500 exceeds that of other migrant destinations, it is a far cry from the nearly USD2,700 average remittance amount from the OECD. Generally, average remittance amount from those outside the country is much higher than those from within the country. For example, average amount of remittance from migrants in urban and rural Nigeria is USD452 and USD309 respectively compared with about USD1,110 from migrants within African which is the lowest among all migrant groups from outside the country. However, while remittances from source countries such as OECD are higher than urban Nigeria migrants, remittances from urban-Nigerian based migrants are not much higher than rural-Nigeria based migrants ($452/$309= 1.46). Two factors affect the average size of remittances. The first is the average income of the host communities. For migrants in the OECD, high average income translates to higher average amounts being remitted at each point. This may also explain the relatively very low average amount of remittances from rural areas in Nigeria, where income is lower. Availability of infrastructure for remittances also impacts the regularity of remittances. This is likely so in rural areas in Nigeria, other African countries and other parts of the world.

Unlike many OECD countries where formal and informal remittance channels may be more pronounced, rural areas in Nigeria have less of either. Mean remittances sent is highest for migrants in urban areas in Nigeria while it is lowest for those in other countries in Africa at 2.7 times. Those in rural Nigeria and in other parts of the world remit about 3.1 times on the average while those in the OECD remit about 3.2 times. As such, the differences lie squarely on income differences that may affect ability of migrants in source country to remit.

3.6 Frequency of Remittances among Migrants

Data shows a pattern in remittances defined by the economic and geographical characteristics of the destination in question. Table 6 shows the frequency of remittances among migrants over the one-year period prior to the survey. As would be expected, majority of migrants remit between once and thrice in a year. For destinations as the OECD, African countries and other parts of the world, as much as 75% of migrants remit between once and thrice in the year. Even for migrants in rural Nigeria, up to 72.5% of migrants sent remittances between once and thrice in the year. Migrants in urban Nigeria send remittances more often than migrants from other parts of the world. More than 13% of migrants in urban Nigeria send remittances exceeding seven times in the year. This number is much higher than those in rural areas, 8.5% of those in OECD, 3.5% of those in other African countries.

But the volume of remittances sent from each destination indicates that those in distant places who send remittances less regularly make up for it by increasing the amount they remit. We group the remittance values into 10. At NGN150 to the Dollar, the lowest amount of NGN2,000 is about USD14 while the highest group of NGN1,000,000 is about USD7,140. The table shows that remittances from urban and rural Nigeria are lower. For example, nearly 10% of those in urban Nigeria and 20% of those in rural Nigeria remitted less than 14 USD over the year compared with only 1% from those in the OECD, 2% from other African countries and none from other parts of

Table 6: Frequency and amount of migrant remittances from different destinations per year

	Aggregate		**Urban Nigeria**		**Rural Nigeria**		**OECD**		**Africa**		**Others**	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Btwn. once & thrice	1,018	69.54	604	66.23	50	72.46	290	75.32	65	74.71	6	75
Btwn. 4 & 6 times	281	19.19	184	20.18	14	20.29	62	16.10	19	21.84	2	25
Btwn. 7 & 10 times	56	3.83	42	4.61	1	1.45	12	3.12	1	1.15	-	0
Above 10 times	109	7.45	82	8.99	4	5.80	21	5.45	2	2.30	-	0
Total	**1,464**	**100**	**912**	**100**	**69**	**100**	**385**	**100**	**87**	**100**	**8**	**100**
Amount												
Below $10	102	7.16	83	9.35	13	19.12	4	1.07	2	2.33		0.00
Btwn. $10 & $25	90	6.32	74	8.33	12	17.65	2	0.54	1	1.16	1	12.5
Btwn. $25 & $50	129	9.05	109	12.27	10	14.71	6	1.61	4	4.65	-	0.00
Btwn. $50 & $100	157	11.02	114	12.84	13	19.12	20	5.36	8	9.30	-	0.00
Btwn. $100 & $250	310	21.75	224	25.23	11	16.18	50	13.40	24	27.91	1	12.5
Btwn. $250 & $500	290	20.35	168	18.92	5	7.35	98	26.27	18	20.93	1	12.5
Btwn. $500 & $1,250	186	13.05	79	8.90	1	1.47	86	23.06	18	20.93	2	25.0
Btwn. $1,250 & $2,500	90	6.32	28	3.15	1	1.47	52	13.94	7	8.14	2	25.0
Btwn. $2,500 & $5,000	50	3.51	8	0.90	2	2.94	37	9.92	2	2.33	1	12.5
Above $5,000	21	1.47	1	0.11	-	-	18	4.83	2	2.33	-	0.00
Total	**1,425**	**100**	**888**	**100**	**68**	**100**	**373**	**100**	**86**	**100**	**8**	**100**

the world. By the time the remittance reaches a maximum of NGN50,000 (equivalent of USD340), nearly 70 % of all remittance sending migrants from urban Nigeria and 87% of remittance sending migrants from rural Nigeria have been accounted for. In contrast, only 22%, 45% and 25% of migrants sending remittances from the OECD, African countries and other parts of the world respectively sent remittances below USD340. About 14% of remitting migrants from the OECD, 8% of those in other African countries and 25% of those in other parts of the world sent remittances ranging between NGN250,000 and NGN500,000 (approximately between USD1,800 USD and USD3,600). Meanwhile, only 3% of those in urban Nigeria and 1.5% of those in rural Nigeria could afford that amount. In effect, while internal migrants (particularly those in urban Nigeria with more access and instruments for remittances) could afford to remit more frequently, those in distant places – the OECD, other African countries and other parts of the world – make up by increasing the amount of money sent each time.

3.7 Purpose of Remittance

In addition to money remitted to support the family, it is customary for migrants to remit in kind or cash to fund specific costs such as building a house or settle family loans. Table 7 shows that 28.8% (325 per the column total of 1137), 20.4% (232 per the column total of 1137) and 16.2% (184 per the column total of 1,137) of remittances from urban Nigeria were used for food, education, and health respectively. However, remittances from the OECD to cover cost of education (21.4% i.e. 154 per the column total of 717) and health (17.4% i.e. 125 per the column total of 717), were slightly higher than that of urban Nigeria. Remittances from urban Nigeria spent on food (28%) was higher than those from OECD spent on food (23.9% i.e. 172 per the column total of 717). The table also shows that 7.5% (85 per the column total of 1,137) of remittances from urban Nigeria were for business purposes compared with 11.6% of remittances from OECD) and 14.6% from Africa (27 per the column total of 184). Some of the household needs itemised in the survey include food, education, health, rents, marriages/funerals, automobile loan instalment, house construction/reconstruction, and real estate investments. Food is the most important need with 572 migrants sending money to the household for this purpose, followed by remittances for education (440 migrants), and health-related expenditures (352 migrants). Setting up new businesses is also high on the priority of many migrants as up to 201 migrants sent money for this purpose.

Table 7: Remittances for specific reasons from different migrant destinations

	Nigeria				OECD	%	Africa	%	Other Countries	%	Total
	Urban	%	Rural	%							
Food	325	6.82	22	3.85	172	30.07	49	8.57	4	0.70	**572**
Education	232	52.73	15	3.41	154	35.00	35	7.95	4	0.91	**440**
Health	184	52.27	16	4.55	125	35.51	23	6.53	4	1.14	**352**
Rent	26	43.33	-	0.00	28	46.67	6	10.00	-	0.00	**60**
Marriage and funeral	58	81.69	3	4.23	-	0.00	7	9.86	3	4.23	**71**
Cars and trucks	18	40.00	1	2.22	22	48.89	4	8.89	-	0.00	**45**
Rebuild house	53	81.54	2	3.08	-	0.00	9	13.85	1	1.54	**65**
New house	21	34.43	-	0.00	36	59.02	3	4.92	1	1.64	**61**
Business	85	42.29	4	1.99	83	41.29	27	13.43	2	1.00	**201**
Land purchase	32	41.03	3	3.85	34	43.59	8	10.26	1	1.28	**78**
Other	103	53.65	12	6.25	63	32.81	13	6.77	1	0.52	**192**
Total	**1,137**		**78**		**717**		**184**		**9**		

Here again, there are some distinctions. Remittances for food, wedding, funerals and house reconstruction came from migrants in urban and rural areas in Nigeria. Migrants in urban Nigeria remitted as much as 56.8% for food, 81.7% for marriages and funerals and 81.5% for house reconstruction. In contrast, remittances for house rents, automobile purchases, building new houses, setting up businesses and purchasing land are much less. These are capital intensive projects involving significant amount of funds. While internal migrants are active in providing funds for health and education, it is clear that increased number migrants from other regions, particularly those from the OECD, send money for food. Despite their relatively lower participation rate in the survey, as much as 46.7%, 48.9%, 59%, 41.3%, and 43.6% of funds sent for rent, automobile purchase, construction of new house, business set up and purchase of real estate respectively came from migrants in the OECD.

3.8 Non-monetary Remittances

A significant proportion of remittances into the country is in-kind. Some of these are items requested for by households, but others are items chanced upon by migrants which they consider to be useful to the households. As much as 600 migrants (or 25.2% of all migrants for whom a response was received on the indicator) are reported to have sent food or goods to households over the one-year period under consideration. The number grows to 28.3% when OECD migrants are considered. These figures are less than the 41% reported by the Central Bank in an earlier survey (conducted in 2008) of recipients from international migrants found around money transfer operators (MTOs). A major motivation for sending items in place of money is to save money as the cost of cash transfer could be as high 20% in some cases and only few items attract as much as 20% tariff. Besides, many of these items remitted are much cheaper outside the country (for international migrants) and some are specifically requested by households.

While a variety of channels are available for migrants, the channels mostly used by migrants to remit money in any destination depends on a combination of factors, prominent among which are availability and cost of channel. Some destinations have access to a wider variety of channels at lower costs than others while a few others make do with only limited number of channels. For example, those living in other countries outside the continent and outside the OECD seem to be confine their remittances only through four channels – Western Union, bank transfer, informal individuals and self-remittance (i.e. bringing back the remittance by oneself). Migrants in rural Nigeria also rely heavily on bank transfers, friends and relatives and self-remittance. In contrast, migrants in urban areas in Nigeria use Western Union alongside bank transfers, bank as remitting agents, individuals, friends and relatives, as well as self-remittance. Table 8 shows the channels and the proportion of migrants from each destination that uses them.

International migrants ostensibly patronise formal remittance channels more than internal migrants who rely more on informal channels. For example, nearly 52% of remittance-sending migrants are living the OECD, 31% in African countries and 25 % in other parts of the world use Western Union. For migrants from rural Nigeria, this channel is not usually available and sometimes be too costly relative to the amounts being remitted. These factors limit use of the channel to no more than 2.7% of those sending remittances from rural areas in Nigeria. Even in the urban areas where Western Union Centres are available, use of the channel is also limited as there are no cash points in the rural areas which usually are where most of the receiving households are located. For urban to urban remittances, there are more cost-effective channels like account-to-account transfers or even entirely cost-free channels like friends and travelling relatives. The latter channel and self-remittance are interestingly the two next most prominent channels of transfers for migrants in both urban and rural Nigeria indicating that cost considerations feature significantly in the decision of which channels to use for remittances for internal migrants. Even for those outside the country, next to Western Union and bank transfers, most migrants rely extensively on their network of friends and relatives due to travel or wait for when they come back to bring down remittances – and the proportions shown for each destination country in the table are by no means small.

Patronage of many listed channels of remittances is quite small. MoneyGram usually comes next to Western Union as an MTO and it is licensed in Nigeria. However, patronage of MoneyGram significantly lags behind Western Union, about 10% those that use Western Union. Foreign exchange bureau is not a very common channel. In fact, up till recently, remittances were outlawed for this group of financial institutions. However, as part of the recent reform of the sector and in a bid to shore up their capital base, the Central Bank promised that those with some set minimum capital base can get involved in remittances. However, with some of the reform policies not being implemented as laid out, this promise is presently being questioned. Credit unions and travel agencies are also not very common and are used only to very limited extent by some internal migrants. Mobile phones and tele-networks hold significant promise for the remittance industry in Nigeria (both internal and international). However, they remain largely untapped. A familiar means of using mobile phones is to scratch and send recharge cards to recipients. Most mobile phone firms encourage this, but the snag is that the cards are usually sold by those to whom they are sent at significant discounts. Some mobile phone networks have even moved to establish international remittance channels using cards, but patronage has not been very significant (and as can be seen from the Table, no international migrant is reported to have used it to send money to his/her household). The challenge with this channel is that selling the recharge cards can be both cumbersome and costly. Sometimes, the discount in a bid to encourage buyers can be as high as 30%. The sort of telephone fund transfers currently practiced in a number of countries in East Africa has not gained ground in Nigeria, but doubtless has great potentials for cost reduction in both international and internal remittances.

4. Conclusion and Implications

In this study, we have explored that patterns of migration and impact of remittances on Nigeria. The analysis includes remittances from persons who were not former members of households but who send remittances to households in the country as well as return migrants. The study has examined the patterns of migration and remittances in the country and related them to the economic circumstances that give rise to them.

The study is exploratory in nature. Results show there are differences in the proportion of households that receive remittances from different regions of the country (North Vs South), and from different destinations. Thus, migration destination matters in Nigeria. Interestingly, approximately 47% of migrants from urban areas in Nigeria and from African countries send remittances compared with 36% of migrants in other countries besides the OECD and Africa. For migrants from rural areas possibly constrained by both infrastructure and income, only 22.6% of migrants sent remittances over the last one year. While the internal migrants are active in providing funds for food, marriages and funerals, those from the OECD countries remit prefer to send money to cover health, education and other capital intensive project costs. While a variety of channels are available for migrants to remit, those mostly used by migrants in any destination depends on a combination of factors, prominent among which are availability and cost of channel. Some destinations have access to a wider variety of channels at lower costs.

Both internal and international migrations in the country are driven by the search for livelihood. Therefore, the Nigerian government should evolve policies that will target youth employment. Since unemployment among the youths is the highest in the country, creating job opportunities through small and medium scale enterprises (and through other measures) are a must and will help to reduce outflow of workers. It has been documented that governments of different countries have deported Nigerian migrants as they were not comfortable with their attitudes and hence, it is high time the Nigerian government retain its workforce.

Furthermore, there is need for government to enact sound policies and monitoring as well as evaluation systems that will guide the process of migration within and outside the country. This will ensure that the country, individual households and citizens will benefit when incidence of migration occurs. If this is not done, it will be difficult to ascertain if the process of migration is helpful or harmful to the country. There is need for Nigerian government and policy makers to develop good strategies to understand all the key drivers of migration and remittances and ensure that effective policies are introduced while considering the welfare of its citizens. To this effect, this study therefore serves as a good first step towards understanding the dynamics, patterns and outcomes of migration and remittances in Nigeria but further studies are needed to understand all the key drivers of migration and remittances within and outside the country and continent.

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