THE IMPACT OF REMITTANCES ON ECONOMIC GROWTH OF NIGERIA

(1980 -2014)

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Abstract

This study examines the impact of remittances on economic growth of Nigeria from 1980 to 2014. The study was carried out using secondary data which were collected from the World Bank's World Development Indicator Database, 2015. The data collected were analyzed using trend analysis, descriptive statistics, correlation analysis, unit root test, Ordinary Least Squares regression analysis and granger causality test. The results of the study suggests that remittances have a negative trend over the period of study. Remittances were found to granger cause economic growth over the period of study, though it has negative and statistically insignificant impact on economic growth. The study recommends among others that Nigerians in diaspora should channel their remittances to the real sector of the economy where its impact can be positively felt.

Keywords: Remittances, Economic Growth, Poverty, Diaspora and Migrants.

Introduction

In recent years, the economic impact of remittances to the growth of developing countries has gained prominence in the economic sphere. Perhaps this is due to the fact that remittances have increased tremendously in comparism to Foreign Direct Investment (FDI) and Official Development Assistance (ODA). According to Adolfo, Chami, Fullenkamp, Gapen and Peter (2009), in the latest decade remittance flows amounted on average to 30-35 % of export earnings, more than double of private capital flows, almost 10 times official capital flows and more than 12 times official transfers, and they have become even as large as foreign direct investment flows to the developing countries.

Inflows of remittances increase the economic growth and reduce the poverty by stimulating the income of the recipient country, reducing credit constraints, accelerating investment, enhancing human development through financing better education and health (Javid, Arif and Qayyum, 2012). Remittances have become an important source of external capital and foreign exchange especially for the developing countries together with the removal of constraints on the cross border factor movements. The received personal remittances through the official channels in the world reached 460.224 billion US dollars in the world in 2013(Bayer, 2015).

It is broadly acknowledged that international migration has become a global phenomenon. Indeed, about 3 percent of the world's populations are counted as migrants (Harrison, 2004). Besides, while migrant remittances are recorded at US$93 billion in 2003, they are estimated at

US$200 to US$300 billion (Ratha, 2004). The sheer volume of remittances has captured the attention of academics, policy-makers, donor, international organizations, and others. However, it is obvious, that finance is the much needed investment in most of the under -developed countries to contribute to increase incomes, productivity and bolster the rate of economic development. Substantially on account of the increase in remittances, poverty can be alleviated because it has been statistically observed that migrants sending money to their home countries for their families, (remittances) increase income of the households, and thus increase consumption. Furthermore, migration of unskilled workers provides the motivation for acquiring practical and useful skills abroad (Azam and Khan, 2011). Thus the objective of this paper is to determine the impact of remittances on economic growth in Nigeria between 1980 and 2014. Various empirical evidences abound on the impact of remittances on economic growth in Africa and Sub-Saharan Africa (Singh, Haacker and Lee, 2009); Fayissa and Nsiah (2008) as well as other regions, however, this paper will focus on Nigeria which is one of the countries in the West African Sub-region.

Literature Review

Remittances: Different scholars and authors have defined remittances in different ways as they perceive it to mean. In the broadest sense, remittances refer to cash or in-kind transfer from one place to another (Siddiqui, 2004). Siddiqui transcripts that different types of remittances can be distinguished as international or intra-national, individual or collective, formal or informal, in kind or in cash or only financial. In the literature, authors often use narrower definition of remittances. In this paper, remittances denote financial international transfers. In practice, this means money sent back to Nigeria by nationals or emigrants, including diaspora, from the country where they are living or working.

In this study a theoretical distinction is made between migrant workers and diaspora. According to UN International Convention on the protection of the migrant workers' Right, the term migrant workers refers to a person or persons who is or are engaged in compensative or remunerative activities in a state of which he or she is not a national. Siddiqui (2004) defines diaspora as "transnational groups of immigrants living abroad but maintaining economic, political, social, and emotional ties with their homeland and with other diasporic communities of the same origin". Both concepts overlap to a certain extent and a person can shift from being a migrant worker to belonging to the diaspora or vice versa. In general, the migrant worker's relationship with the destination country is of an ephemeral nature, while that of diaspora is more permanent or long-term nature. They are essentially made up of the three components workers' remittances, compensation of employees and migrant transfers:

Workers' remittances and compensation of employees comprise current transfers by migrant workers and wages and salaries earned by nonresident workers. Workers remittances are classified as current private transfer from migrant worker who are residents of the host country to recipients in their country of origin. They include only transfers made by workers who have been living in the host country for more than a year, irrespective of their immigration status.

Compensation of employees is the income of migrants who have lived in the host country for less than a year. Migrant transfers are defined as the net worth of migrants who are expected to remain in the host country for more than one year that is transferred from one country to another at the time of migrant (World Bank, 2008).

Categories of Remittances

The categorization and quantification of remittances remain a critical issue within the migration and development theories. The following are three eminent remittance categories adopted from Levit and Nyberg-Sorensen (2004): Monetary Remittances means transfer of financial funds by person abroad to a person in his country of origin. Social Remittances denotes the sum of the acquired knowledge accumulated by the migrants and put to use in their places of origin either by the migrant themselves or via method of communication. Individual and Collective Remittances connote collective remittances sent by migrant clubs or hometown associations in order to finance infrastructure or related projects in their hometown communities.

Types of Remittances

Wahba (1991) typifies remittances into four viz: Potential Remittances means savings available to the migrant once all expenses in the host country have been met. These represent the maximum the migrant can transfer at any time. Fixed Remittances is the minimum amount of money a migrant need to transfer in order to satisfy his/her family's basic needs and other contractual obligations. Discretionary Remittances means transfers in excess of fixed remittances. These together with fixed remittances constitute the level of actual remittances. Saved Remittances (or retained savings) connotes the difference between potential remittances and the amount remitted during the period. These flows are accumulated into a stock of resources, which can be used to supplement actual remittances at a later date. This stock of wealth is a result of a portfolio decision by the emigrant and she may be encouraged to make these resources available for the development of her country of origin.

Economic Growth

Jhingan (2002) stated that economic growth, simply defined, refers to the increase, over time, of a country's or an economic capacity to produce those goods and services needed to improve the well-being of the citizens in increasing numbers and diversity.

The International Monetary Fund (2009) agrees that economic growth is the increase in the amount of goods and services produced in an economy over time. It is conventionally measured as the percentage rate of increase in Real Gross Domestic Product (RGDP). Growth is usually calculated in real terms, that is, inflation- adjusted terms, in order to net out the effect of inflation on the price of the goods and services produced. The growth of the real Gross Domestic Product, RGDP, between 2004 and 2008 was driven mainly by the non-oil sector as reflected in the non-oil GDP and that the Industrial output however fell by 2.2 percent due mainly to the poor

performance of the oil sector CBN (2008). The major theories on economic growth are hinged on the growth being a function of the productivity of factors of production as their basic theme. Smith (1776) states that economic growth depends on the amount of factors of production viz; land, labour and capital. He argued that economic growth (output) depends on the amount of these factors of production which are the inputs that are determined by the population growth, increase in investment and land, and total growth in labour productivity. While Harrod-Domar model stated that rate of growth of GDP is equal to Savings ratio/Capital Output ratio, Kaldor model of distribution noted that the process of growth is a function of savings-income ratio. Other models like the Pasinetti model of profit and growth, the Meade's Neo-classical model, the Solow model of long run growth all used the factors of production as their basic theme.

In other words, Ahuja, (2008) defined economic growth as the annual increase in real per capita income of a country over a long period. Thus, Arthur Lewis said that "economic growth means the growth of output per head of population" since the main aim of economic growth is to raise the standard of living of the people. Another point which is very important to note about the definition of economic growth is that the increase in national income or more correctly the increase in per capita income or output, must be a 'sustained' increase if it is to be called economic growth, (Ahuja, 2008).

Determinants of Economic growth

The process of economic growth is a highly complex phenomenon and is influenced by numerous and varied factors such as economic, political, social and cultural factors. It is believed by some economist that capital is the only requirement for growth and therefore the greatest emphasis be laid on capital formation to bring about economic development. Nevertheless, Ahuja, (2008) identified the following factors amongst others:

i.   Supply of Natural Resources: the quantity and quality of natural resources play a significant role in economic development of a country. Important of all natural resources are land, minerals and oil resources, water, forests, climate etc. the quality of natural resources in a country puts a limit on the level of output of goods which can be attained. Without a minimum of natural resources, there is no much hope for economic development.

ii.   Capital formation: labor is combined with capital to produce goods and services. Workers need machines, tools and factories to work. In fact, the use of capital makes workers more productive. Setting up of more factories equipped with machines and tools raises the productive capacity of an economy. Therefore, in the opinion of many economists, capital formation is the very core of economic development. In addition, human capital development brings about increase in per capita output because when people gain knowledge, they become more productive.

iii.   Foreign Capital: Foreign Aid and Foreign Investment

As domestic savings are not sufficient to make possible the necessary or desired accumulation of capital goods, borrowing from abroad may play an important role. Professor Brown as cited in Ahuja (2008) rightly says that, "Development demands that people somewhere should refrain from spending part of their income, thus allowing part of the world's productive resources to be used for accumulation of capital goods. The people who can best afford to do this are generally those who live in countries of high average income. On the other hand, the countries where development is likely to alleviate suffering and promote welfare to greatest extent are those where average incomes are low.

iv.   **Technological Progress:** another important factor in economic growth is progress in technology,   use of advanced techniques in production progress in technology brings about a significant increase in per capita output. Technological advances refer to discovery of new and better ways of doing things or an improvement in the old ways.

Empirical Literature Review

Various empirical evidences abound in literature on the impact of remittances on economic growth in Sub-Saharan Africa these include Javid, Arif & Qayyum (2012) who investigated the impact of remittances on economic growth and poverty reduction in Pakistan for periods spanning 1973 to 2010. Annual time series data were employed, analyzed using ARDL approach The district wise analysis of poverty suggest that overseas migration contributes to poverty alleviation in the districts of Punjab, Sindh and Balochistan however NWFP is not portraying a clear picture. The empirical evidence shows that remittances effect economic growth positively and significantly. Furthermore the study also finds that remittances have a strong and statistically significant impact on poverty reduction thus suggesting that there are substantial potential benefits associated with international migration for poor people in developing countries like Pakistan**.**
Imai, Gaiha, Ali and Kaicker (2011) examined Remittances, growth and poverty; A New evidence from Asian countries over the period of 1980-2009.They used ordinary least square (OLS) technique of analysis. Using panel data of 24 Asia countries over the period from 1980-2009. They found out that remittances contribute to only performing Asia economies and also volatility of capital inflows such as direct investment is harmful to economic growth. Finally they concluded that remittances contribute to reduction of poverty, and recommending that remittances should not be seen as panacea for growth and poverty reduction as they have been linked to lower work effort, brain drain and dutch disease.

Fayissa and Nsaih (2008) investigated the impact of remittances on economic growth and development in Africa over the period 1980-2014.they used an unbalanced panel data of 37 African countries. The data were analysed using ordinary least square regression technique and descriptive analysis. They found out that over the period 1980 to 2004 remittances have boosted growth in African countries where financial systems are less developed by providing an alternative finance for investment and helping overcome liquidity constraint.

Siddique, Selvanathan and Selvanathan (2010) investigated Remittances and Economic Growth; Empirical Evidence from Bangladesh, India and Sri-Lanka. They used time series data of over 25 year period by employing descriptive analysis and Ordinary Least Square technique. The study found out that growth in Remittances dose not lead to economic growth in Bangladesh, in India there seem to be no causal growth in Remittances and Economic Growth; but in Sri-Lanka, a two way directional causality was found. Injection of capital through consumption indirectly will contribute to Economic development and growth through the flow of effect and to contribute a small portion of Remittance to alleviate liquidity constraints which will directly contribute to growth was found by the study.

Oda (2003) assessed the impact of workers Remittances on economic growth. The study used panel data of 91 developing countries. The study used simple macroeconomic model to analyse the data gotten. The study found out that remittances result in positive impact on GNP performance. The study concluded that remittance flows have shown a steady increase over the years and have become the second largest resource inflow to the developing country which should be directed to savings and investment.

Lubambu (2014) investigated the impact of remittances on developing countries. He used descriptive analysis with secondary data. The study found out that remittance is the significance source of income for families and that it play a crucial role for core insurance or risk mitigation in times of hardship. The study concluded that remittances have proven to be more sustainable source of foreign currency for developing countries than other inflows such as foreign direct investment and public debt.

Yaseen (2012) examined the positive and Negative Impact of Remittances on Economic Growth in Middle-East and North African countries which included Algeria, Egypt, Jordan, Libya, Morocco, Oman, Syria, Lebanon and Tunisia for periods spanning 2000 to 2010 using a panel data set for each country. Fixed-effects method was used, conducted in accordance with a modified version of the Giuliano and Ruiz-Arranz (2005) model. Results indicates that remittance are found to be positively and significantly correlated with growth. A three specifications has been added, the financial development variables besides other independent variables. In these specifications, remittances also show evidence of positive and significant sign.

Azam and Khan (2011) explored theoretically and empirically the impacts of workers' remittances on economic growth of Azerbaijan and Armenia's economies using annual time series data collected for the periods 1995 to 2010. Simple log linear regression model and the method of least square were used to analyze the data collected. The finding of the study indicates that worker remittances are significant and have positive impacts on economic growth and development for Azerbaijan and Armenia's economies. Thus, findings suggest that the relevant authorities of both the countries need to formulate appropriate conducive policies in order to encourage worker remittances. In addition, it is further, suggests that workers' remittances received from other countries must also be utilized more efficiently to have similar impacts.

Bayar (2015) examined the causal relationship among the real GDP per capita growth, personal remittances received and net foreign direct inflows in the transition economies of the European Union including Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Poland, Romania, Slovak Republic and Slovenia during the period 1996-2013 by using Dumitrescu and Hurlin (2012) causality test. He found that there was unidirectional causality from remittances and foreign direct investment inflows to the economic growth.

Theoretical framework

This study is framed on the endogenous growth theory. The endogenous growth theory was developed as a reaction to omissions and deficiencies in the Solow-swan neoclassical growth model. It is a new model which explains the long-run growth rate of an economy on the basis of endogenous factors as against exogenous factors of the neoclassical growth theory. The Solow-swan neoclassical growth model explains the long-run growth rate of output based on two exogenous variables: the rate of population growth and the rate of technological progress and thus is independent of the saving rate. As the long-run growth rate depended on exogenous factors, the neoclassical theory had few policy implications. As pointed out by Romer, in models with exogenous technical changes and exogenous population growth, it never really mattered what the government did." The new growth theory does not simply criticize the neoclassical growth theory. Rather, it extends the latter by introducing endogenous technical progress in growth models. The endogenous growth models have been developed by Arrow, Romar and Lucas among other economists (Ahuja, 2008).

The endogenous growth model emphasizes technical progress resulting from the rate of investment, and the size of the capital stock. This theory is chosen as the theoretical framework for this work because it creates avenue for other variables or factors that affects economic growth to be included or infused in to the model in order to determine their impact on economic growth, where remittances in this context happens to be one of the factors that affects economic growth because it leads to increase in capital formation capacity at the micro and macro level in an economy which has the potential of inducing private investment, it boost or increases consumption level which in turn leads to increase in aggregate demand often accompanied by increase in productivity thereby bringing about increase in the national output or Gross Domestic Product.

Various empirical evidence abound in literature on the impact of remittances on economic growth in Sub-Saharan Africa, these include; Javid, Arif & Qayyum (2012), Bayer (2015), Azam and Khan (2011), Yaseen (2012) etc. however, this paper focus on the impact of remittances on economic growth in Nigeria from 1980 to 2014.

Methodology

The paper adopts the use of a simple model expressing the relationship between Economic growth (proxied by GDP) and remittances. The model is expressed as:

$$RGDP = \beta_0 + \beta_1 RMT + \beta_2 ODA + \beta_3 FDI + \mu t - \quad - \quad - \quad - \quad - \quad - (1)$$

Where:

RGDP   -   Real Gross Domestic Product
RMT   -   Remittances
ODA   -   Official Development Assistance
FDI   -   Foreign Direct Investment
μt -   Random Error Term
$\beta_0 - \beta_3$ -   Regression coefficients

Apriori Expectation: β_1, β_2 and $\beta_3 > 0$.

Findings and Discussion

Table 4.1: Summary of Trend Equation Results of the Variables

Variable		*Coefficients*	*Standard Errors*	*t-statistics*	*Probability*
RGDP	Constant	7.40E+12	2.57E+12	2.880	0.007
	TIM	1.22E+12	1.32E+11	9.231	0.000
RMT	Constant	388.77	82.6225	4.7054	0.000
	TIM	-11.272	4.2403	-2.6583	0.0123
ODA	Constant	-237319.9	154396.0	-1.5370	0.1344
	TIM	22.657.00	7823.826	2.8593	0.0075
FDI	Constant	-5.69E+09	5.10E+09	-1.1170	0.2726
	TIM	6.03E+08	2.62E+08	2.3064	0.0279

Source; Authors' Computations using E-Views 8.0, 2016.

Based on the results of the trend-equations, which are summarized in table 4.1, the variable RGDP has a positive trend over the period of study 1980 – 2012, as the coefficient of time (TIM) suggests (1.22E+12). This variable increases by an average of 1.22 annually.

The variable, Remittance (RMT) has a negative trend over the period of study 1980-2012. This is because the coefficient of time (TIM) is negative (-11.272). It implies that (RMT) decreases by about units annually over the period of study.

The variable Official Development Assistance (ODA) has a positive trend over the period of study as the coefficient of time (22657) suggests.

The variable FDI also has a positive trend over the period of study 1980-2012. This is because the coefficient of time TIM (6.03E+12) suggests that the variable increases by about 6.03 units annually. See figure 4.1 for graphical trend to observe movements of variables over the period of study.

Descriptive Statistics

Based on the results of the descriptive statistics analysis, the variable foreign direct investment (FDI) has a mean value of (4.56E+09). The variable has a maximum value of (8.84E+10), which has obtained in the year 2011. A minimum value of 1.35E+08 was recorded in the year 1993. The standard deviation of the variable (1.52E+10) as well as the probability of its Jarque-Bera

statistics suggests that the observations are not clustered around the mean and are normally distributed.

The variable Official Development Assistance (ODA) has a mean value of 147849.1. The variable has a maximum value of 1915820 which was obtained in 2012. A minimum value of 31,710,000 was recorded in the year 1985. The standard deviation of the variable of the variable 479567.9 suggests that the observation are not clustered around the mean. The probability of its Jarque-Bera statistics (0.00) suggests that the variable is normally distributed.

The variable Real Gross Domestic Product (RGDP) has a mean value of 2.81E+13 over the period of study 1980-2012. It has a maximum value of 6.07E+13 and a minimum value of 1.52E+13, which were obtained in the years 2014 and 1980 respectively. A standard deviation of 1.37E+13 suggests that the observations are not clustered around the mean and that they are normally distributed as also suggested by the probability of its Jarque-Bera statistics.

Correlation Analysis

The results of the correlation analysis a weak positive correlation (0.06) exists between Foreign Direct Investment (FDI) and Official Development Assistance (ODA). A moderate positive correlation exists between Foreign Direct Investment (FDI) and Real Economic Growth (RGDP). However, a negative correlation exists between Remittances and FDI (-0.13).

A strong positive correlation exists between Official Development Assistance (ODA) (0.60) and Real Economic Growth (RGDP). On the other hand, Remittance (RMT) has a weak negative correlation (-0.18) with Official Development Assistance (ODA). Remittance (RMT) also has a weak negative correlation (-0.32) with Real Economic Growth (RGDP).

Table 2: Summary of Unit Root Results

ADF Test Statistics				Critical Value at 5% Level of Significance			
Variable	Level	1st Difference	2nd Difference	Level	1st Difference	2nd Difference	Order of Integration
RGDP	-0.2637	-3.8836	-6.1701	-3.5614	-3.5670	-3.5731	I(1)
RMT	-3.6130	-5.3753	-6.9183	-3.5614	-3.5670	-3.5731	I(0)
ODA	-4.3645	-12.9552	-13.5448	-3.5614	-3.5670	-3.5731	I(0)
FDI	2.6388	-2.5193	-9.5049	-3.5614	-3.5670	-3.5731	I(2)

Source: Authors' Computation Using E-Views 3.1 2016

Based on the result of the Unit Root Test, presented in a summary in Table 1, the variable RGDP is not stationary at level since its ADF test statistic (-0.2637) is greater than critical value at 5% level of significance (-3.5614). At first difference, ADF test statistic (-3.8836) is now less than critical value at 5% (-3.5670). Thus RGDPP is non-stationary at first difference and integrated of order one i.e. I(1).

The variable RMT is stationary at level since computed ADF test statistic (-3.6130) is less than the critical value (-3.5614) at 5% level of significance. The variable still remain stationary at first and second difference, thus the variable (RMT) is stationary at level and integrated of order zero i.e. I(0).

The variable Official Development Assistance (ODA) is stationary at level since the computed ADF test statistic (-4.3645) is less than critical value at 5% level of significance (-3.5614). the variable maintained its stationarity at first and second difference. Therefore the variable (ODA) is stationary at level and it is integrated of order zero I(0).

The variable FDI has a unit root at level since the computed ADF test statistic (2.6388) is greater than critical value at 5% level of significance (-3.5614). At first difference, ADF test statistic (-2.5193) is still greater than critical value (-3.5670) at 5% level of significance. However, the variable become stationary at second difference computed ADF test statistic (-9.5049) is now less than critical value at 5% level of significance (-3.5731). Thus FDI is stationary at second difference and integrated of order two i.e. I(2).

The variable remittances (RMT) has mean value of 197.1515 over the period of study 1980 – 2012. It has a maximum value of which was recorded in the year 1980. The variable has a minimum value of 593,365 which was obtained in the year 2001.

The variable has a standard deviation of 252.97 which suggests that the observations are not clustered around the mean and value of 197.1515. The probability of its Jarque-Bera statistics (0.000) suggests that the variable is normally distributed at 5% level of significance.

Ordinary Least Squares (OLS) Regression Result

RGDP $= 2.75E+13$ - $9.12E+09$RMT + 15467904ODA + 406.49FDI

St. Error $= (2.22E+12)$ $(6.45E+09)$ (338384) (105.42)

T. Statistics $= 11.610*$ $-1.4133*$ $4.5711*$ $3.855*$

$R^2 = 0.61$

D.W = 1.14

Note: standard errors in parenthesis

t - statistics in asterisk

Based on the results of the OLS regression, the Variable Remittance (RMT) has an inverse relationship with the dependent variable of the model RGDP. The coefficient of the variable (9.12E+09) suggests that for every unit increase in RMT, TGDP will decrease by 9.12E+09 units. However, the standard errors and t-statistics of the variable suggests that the variable is not statistically significant.

However, Official Development Assistance (ODA) and Foreign Direct Investment (FDI) both have positive relationship with the dependent variable RGDP. The coefficient of ODA (15467904) suggests that for every single unit increase in ODA, RGDP will increase by 154467904 units over the period of study 1980-2012.

The standard errors and t-statistics of the variable ODA both show that the variable is statistically significant in influencing RGDP.

The coefficient of FDI (406.49) suggests that if FDI should increase by 1 percent point, RDGP will increase by 406.49 units. The variable is also statistically significant as suggested by its standard errors and t-statistics.

The R^2 of the model (0.61) suggests that about 61% of the variation in RGDP is explained by the variables captured in the model. However, 39% of variable in RGDP is explained by all other

variables not captured in the model. The probability of the f-statistics of the model suggests that there is linearity in the variables in the model at 5% level of significance. However, the value of the Durbin-Watson statistics (DW) statistics 1.14 suggests the presence of slight serial correlation among the variables in the model.

Causality Test

Based on the results of the causality test, the variable ODA granger cause FDI at 5% level of significance. Similarly FDI granger cause ODA at 5% level of significance. Thus, there is a bidirectional causality between ODA and FDI.

RGDP does not granger cause FDI at 5% level of significance. Similarly, FDI does not granger cause RGDP at 5% level of significance. Thus, there is no causal relationship between RGDP and FDI at 5% level of significance.

RMT does not granger cause FDI at 5% level of significance. Similarly, FDI does not granger cause RMT at 5% level of significance. Thus, there is no causal relationship between FDI and RMT at 5% level of significance.

RGDP grangers cause ODA at 5% level of significance. However, ODA does not granger causes RGDP at 5% level of significance. Thus, there is a unidirectional causality from RGDP to ODA between the variables.

RMT does not granger cause ODA at 5% level of significance. Similarly, ODA does not granger cause RMT at 5% level of significance. Therefore, there is no causal relationship between RMT and ODA at 5% level of significance.

Finally, RMT granger cause RGDP at 5% level of significance. However, RGDP does not granger causes RMT at 5% level of significance. Thus, there is a unidirectional causality from RMT to RGDP among the variables.

Conclusion and Recommendations

Based on the findings of the study, remittances in Nigeria has a negative trend over the period of study (1980 – 2014) as it has been on the decline. Foreign direct investment (FDI) has also been on a decline over the period of study. However, Official Development Assistance (ODA) shows a positive trend over the period of study. Results of correlation and regression suggest that remittances has a negative impact on economic growth (RGDP). Moreover, a remittance was found to granger cause economic growth (RGDP). Thus we can conclude that remittances has a negative and statistically insignificant impact on economic growth over the period of study (1980 – 2014)

The study therefore recommends that:

(i)   Nigerians in diaspora are advised to channel their remittances to the real sector of the economy where its impact can be positively felt.

(ii)   The government should create an enabling environment for foreign direct investment to yield good returns so as to increase the flow of foreign direct investment in the country.

(iii)   The government should strengthen accountability and ensure that Official Development Assistance (ODA) which impact economic growth positively are utilized efficiently.

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