

Impact of Remittances on Development in Nigeria: Challenges and Prospects

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ABSTRACT The recent publications by World Bank revealed Nigeria as the top-remittance receiving country in Africa and this invariably reflects that more Nigerians live abroad. The Central Bank of Nigeria is uncertain about the actual amount of money remitted to the country due to its lack of methods to measure informal/unofficial ways through which remittances enter the country. It is noteworthy that Nigerians abroad were recorded to have remitted US\$10/\$21 billion in 2010 and 2013 fiscal year respectively, and this put the country ahead of other African countries as the most remittances recipient country. Despite the high remittances inflow into Nigeria, poverty and inequality are still prevalent in Nigeria, and the country is yet to make efficient use of remittances like other developing countries, such as Philippines and Mexico. This paper compares positive impact of remittances on development in some developing countries of the world to the impact level of remittances in Nigeria. After critical evaluation of factors militating against the positive impact of remittances on development in Nigeria in existing literature, this paper argues that political instability, ineffectiveness of financial sector/business climate, bureaucracy, corruption, over-reliance on natural resources, as well as non-formulation and implementation of adequate remittances programmes are some of the factors militating against the developmental impact of remittances in Nigeria. We therefore recommend that policy makers, particularly those in financial sectors, need to formulate and implement similar remittance policies like Philippine and Mexico in order to maximise the positive effect of remittances for human and economic development in the country.