# THE EFFECTS OF MIGRANTS' REMITTANCE ON THE LIVELIHOOD OF HOUSEHOLDS IN OKENE LOCAL GOVERNMENT AREA, KOGI STATE, NIGERIA

**BY**

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**JULY, 2014**

## DECLARATION

I hereby declare that the thesis entitled "The Effects of Migrants Remittances on the Livelihood of Households in Okene Local Government Area," was written by me under the supervision of Prof. J.G Laah and Dr. A. E Ubogu. It is a record of my own research work except where reference is made to published literatures and duly acknowledge. It has not been presented for any degree or examination at any university.

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Ojo Adam OTUPURU Date

**CERTIFICATION**

This thesis titled "THE EFFECTS OF MIGRANTS' REMITTANCE ON THE LIVELIHOOD OF HOUSEHOLDS IN OKENE LOCAL GOVERNMENT AREA, KOGI STATE, NIGERIA" by Ojo Adam OTUPURU meets the regulations governing the award of the degree of Masters of Science in Geography, Ahmadu Bello university, Zaria and is approved for its contribution to knowledge and literacy presentation.

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## DEDICATION

This thesis is dedicated to my immediate family for their support.

**ACKNOWLEDGEMENT**

I sincerely thank God, the almighty who gave me the wisdom, energy and spared my life through the turbulent period of this research work.

I am deeply indebted to my first supervisor Prof. J.G Laah for his support, guidance, valuable comments and constructive criticism, without which this dissertation could not have been completed.

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**ABSTRACT**

This thesis presents findings on the Effects of Migrants' Remittance on the Livelihood of Households in Okene Local Government Area, Kogi State. The study is examined the effects of migrants' remittances on the livelihoods of households in Okene LGA. Data for the study was obtained from the administration of a semi-structured questionnaire to 382 households selected through a third place ordered sampling. Items in the questionnaire elicited information on scale on of migration; direction, educational attainment, livelihood sources, rate of out-migration, remittance, reasons for migrating among others. The results show that 61 percent of the respondents were females and 39 percent were males. This is attributed to the fact that cultural practices do not favour women migrant in search of white collar jobs. In all, 64.4 percent of the respondents were 45 years and above because of the high rate of migration among youths less than 45 years. Also, 65.7 percent of the respondents were married. Migration level in the study area is about 85 percent due to poor standard of education and lack of social amenities. Employment opportunity is one of the major causes of out migration. Other findings revealed that effects of out migration on household as was farming activities and migrants contributed in the purchase of farm implements and the general financial needs of agricultural activities. The study recommended the establishment of entrepreneur and educational institutions. Improvement of social infrastructure to reduce out migration, and the rehabilitation of stressed and displaced community members by the Kogi State Government.

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# CHAPTER ONE

# BACKGROUND TO THE STUDY

## 1.1 INTRODUCTION

Population movement is not a recent phenomenon in the world especially when we take a peep into the history of man in the world. From the early times, people were known to have moved over vast distances in small units (groups) or in large tribal societies in search of their livelihoods and subsistence especially during the hunting and gathering culture (Fellman and Getis, 2004). In recent years, population movement for economic and political reasons, particularly of forced type, have taken a new turn. Migration is one component of population change, others being births and deaths (Kpedekpo, 1982). The population of any defined area at a particular time can be influenced majorly by three demographic factors: birth rate, death rate and pattern of migration in the area (Fellman and Getis, 2004).

Migration was identified as a pathway out of poverty for rural households in developing countries because it provides households with a source of income (World Bank, 2007). However, the beneficiaries of migration may not include the rural poor. It has been suggested that more risky and costly long-distance international migration, which is also the most lucrative in terms of remittances, is most accessible, at least initially, to the wealthiest of the rural population (Lipton, 1980; Stark, Taylor and Yitzhaki, 1986; Taylor, Mora, Adams, and Lopez-Feldman, 2005). If this hypothesis is correct, the presence of a long-distance migrant in a particular household may well be associated with a lower level of poverty in that household, but also with greater inter household income inequality when compared with non-migrant and intra-African migrant households.

Economic causes have impelled more migrations than any other single category. If migrants face unsatisfactory conditions at home, such as, unemployment or famine and believe that the economic opportunities are better elsewhere, they will be attracted to the thought of moving. To a nomadic herdsman, better opportunities might be abundant grass and water; to a western emigrant, rich soil; and to a modern worker, the promise of a high-paying job. Attractions such as these are pull factors and those that contribute to dissatisfaction at home are called push factors. Very often, migration is a result of both push and pulls factors (Fellman and Getis 2004).

Migration of human population is common to all ages, past and present. The fact that migration has continuously produced significant spatial, demographic, economic and social effects (both at the origin and destination) has inevitably generated the need for an on-going study of phenomena. Geographers and other disciplines are particularly interested in the study of human migration. Indeed, the terrestrial redistribution of population is an attractive subject for spatially-oriented disciplines. The dynamic aspect of human migration has attracted more attention and at the present time interest in spatial processes and spatial interaction is of concern in modern geography(Ihali and Jafarey, 1999).

Remittances are a positive outcome of migration. Remittances, the portion of migrant worker's earnings sent back from the destination of employment to the origin of the migrant, play a central role in the livelihood of many households and have become a focal point in the ongoing debate concerning the viability and sustainability of this livelihood option (Ratha, 2003).

Migration – whether internal or international, has become an important livelihood strategy among household in most developing countries. This is because it provides migrant

households with remittances that are uncorrelated with agricultural income (World Bank, 2006). Gupta*et. al*. (2009), reported that the volume of remittances to developing countries has been growing significantly over the years. It has increased on average by 16% annually since 2000. For instance, in 2006, remittance flow to developing countries totalled US$221 billion – an amount that was twice the official development assistance (ODA) to developing countries in that year (Guptal et al. 2009). Moreover, there is evidence that remittance flows are underreported, so that the actual amount could more than double the official formal transfer. In addition, IFAD (2007), predicted that over the next five years, cumulative remittances to developing countries will exceed US$1.5 trillion.

In fact, workers' remittances have become a major source of external developmental finance. It is estimated that migrant remittances flowing to developing countries now surpass official development aid (ODA) receipts in many developing countries (Ratha, 2003). Migrants' remittances are currently ranked as the second largest source of external inflows to developing countries after Foreign Direct Investment (FDI). For example, in 2001, official development finance transfers to developing countries were about US $ 57 billion (OECD, 2003); this compares with recorded global remittances of US $ 72.3 billion the same year (World Bank, 2003). Over the last decade, Nigeria is the single largest recipient of remittance in sub-Saharan Africa (Maimbo and Ratha, 2005). Nigeria receives between 30 and 65% of remittance to the region and 2% of global flow (Orozco, 2003). Remittance from Nigerians in various parts of the world was USD 2.8 billion in 2004 (World Bank, 2004), ranking second only to oil exports as a source of foreign exchange earnings. Nigeria was among the top 20 developing countries recipients of remittance in 2003 (Ratha, 2005). Commercial bank executives report that in 2006,

the recorded flows were estimated at US $ 4.2 billion dollars, representing 700,000 transactions and a 30% increase from 2005 (Orozco and Millis, 2007).

Unfortunately, migration data especially internal migration data in Nigeria are more difficult to collect because of the absence of internal regional boundaries in most places. Even where such data exists, very scanty data are collected (Nwosu, 2003). This is because plans and policies formed based on this information will ensure that the potentials of the rural migrants are judiciously harnessed in order to achieve development. These entire destination-oriented movements are very important now and the issue of remittances is at the front burner of most demographic and socio-economic analysis (Fellman and Getis, 2004).

The purpose of this paper is to examine the effect of migrants' remittance on the livelihood of household in Okene Local Government Area of Kogi State, Nigeria. Nigeria represents a good case study for examining these issues. Not only is poverty in Nigeria, but the country also produced a large number of internal and international migrants. For instances, remittances to Nigeria was estimated at US$2.8 billion in 2005, making the country the highest receiver in SSA and one of the top 25 recipient in the World (Guptal et. al., 2009). A recent study by Oseni and Winter (2009), using a nationally representative dataset, showed that about 5.5% of the average household income in Nigeria is from remittances, and that households in the Southern regions received more from remittances than their Northern counterpart. The authors are silent on the specific effect of migrant's remittances on the livelihood of household in Nigeria. This is the research gap, which we hope to address, using a data collected from rural village in Okene LGA of Kogi State, Nigeria.

## 1.2 THE STATEMENT OF THE RESEARCH PROBLEM

For some individuals, especially young boys and men, out-migration into cities is a necessary approach to overcoming poverty and attendant powerlessness in rural areas not withstanding the implication of such migration for individuals, families and groups in destination locations. In some instances, the recipients are hardly aware of the impending human conditions; yet most strive to accommodate the migrants in line with the Africa extended family tradition and hospitality, at times at severe costs. The volume of internal migration in African countries was aptly highlighted by Findley (1997:110)

> *By any measure, millions of Africans are migrating from one place to another within their countries. Without regard for migration type, one in five Africans is no longer living in his or her birthplace. Migration to urban areas or particular cities ranges from 12 percent to 66 percent. In many cities and regions, the proportions are well above 33 percent.*

Migrants often maintain economic and social ties (remittances) with the community of origin. An important body of research documents the role of transfer from migrants to their home families in risk-sharing, informal credit, and altruistic arrangement. Some of the role remittance played could be attributed to rural livelihood, to construct houses and enabled children's education (Ihali and Jafarey, 1999). Remittances may also be used to acquire assets – housing, land, financial assets, and business in the community of origin. There is a growing interest in the extent to which migrant remittances are channelled toward physical capital investments, especially land and housing. However, very little is known about any specific investment that migrants make in their communities of origin. Also, in the last few years, there has been a remarkable renaissance in the interest in remittances. This interest has undoubtedly

been triggered by a striking increase in the flow of remittance after years of relative neglect; it has been rediscovered as a potential sources of development finance. Remittance sent back to developing countries rose from $31.1 billion in 1990 to $76.8 billion in 2000 to no less than $167.0 billion in 2005 (Kapur, Devesh and McHale, 2003). Registered remittances now amount to well over twice the amount of official development assistance and are 10times higher than net private capital transfers to developing countries (Kapur and McHale, 2004).

With an estimated population of 140 million people, Nigeria is the most populous country in Africa. About two third of the population resides in the rural areas where they derive livelihood from agriculture and allied sector (Oseni and Winter, 2009). Despite the reported decrease in poverty – in the last decade. It is generally believed the poverty rate is still unexpectedly high in Nigeria with the rural areas more affected. For instance, Nigeria is counted among the twenty poorest countries in the world based on indicators in 2004 (World Bank, 2006). The high incidence of poverty in the country has been blamed on declining agricultural productivity, poor infrastructural and unemployment, among other factors.

During the period of oil boom, Nigeria was a major international migration destination. The number of immigrants in the country was almost 2% of the total population in 1980 (Shaw, 2007). The flow of migrants to Nigeria was dramatically reduced by civil war of 1970s and the downturn in the economy caused by the fall in the prices of oil. In addition, the expulsion of many illegal migrants – mostly Ghanians, in 1983 considerably reduced the migrants population in Nigeria. Migration in Nigeria after this has been characterised by emigration, as well as, internal migration. SAMP (2006), reported that nearly 15,000 Nigerians migrated legally to Europe and North America every year from 1995 – 2001. Shaw (2007), suggest that some 11% of educated Nigeria live and work in OECD countries. Likewise, a recent survey of migrant

population in Europe shows that there are some 45,000 Nigerians in United Kingdom, 17,000 in Italy and 15,000 in Germany. Significant migration to the Middle East and Asia countries have also been reported (SAMP), 2006). The number of Nigerian migrants worldwide has led to increase international remittances to the country. For example, World Bank (2008), submitted that Nigeria was the highest receiver of remittances in Africa and the thirteenth in the World. With US$3.329 billion remittances in 2007, Nigeria alone accounted for about 31% of total remittance flows to Sub-Saharan Africa.

However, the current debate on migration, remittances, and development suffers from a number of shortcomings. First of all, the current "remittance euphoria" often coincide with a certain perception that it is what the new issues are. However, any suggestion that the topic is new testifies to striking levels of amnesia of decades of prior research and policies on these issues. Lest we reinvent the wheel, we should not lose sight of the findings from previous empirical researches and policies on migration, remittances and development (Russell, 2003).

Second, there has been one sided focus on remittances and their direct economic consequences. Less systematic attention has been paid to the non-pecuniary consequences of remittances, such as their effect on health, education, gender, care arrangement and social structures and ethnic hierarchies in migrant communities and countries. There has also been less attention paid to the non- remittance-related impacts of migration, such as the role of migration and migrants in cultural and social change in places of origin (Levitt, 1998).

Related to the two previous points is the observation that the recent empirical and policy literature on remittance has been poorly embedded in more general theoretical framework on migration and development. Many empirical studies have been designed to test hypothesis and even more important, make no references to broader theoretical debates on migration and

development at all. This renders the often conflicting findings from empirical studies difficult to interpret theoretically, when in fact they could be extremely useful in building more sophisticated theoretical framework that could account for the heterogeneity of migration-remittance-development interactions.

Although, migration research cuts across many academic disciplines, there is often very poor communication across disciplinary boundaries. For instances, the high level of synergy between the new economic of labour migration and livelihood approaches toward migration, remittances and development has largely gone unnoticed, whereas the combination of such perspective could create significant empirical disciplinary and theoretical fertilization.

In 2004, migrants working outside of their countries of origin sent home an estimated $93 billion in officially recorded international remittance to households in Africa, Asia, the Middle East and Latin America (Ratha, 2004). From the stand point of economic development, the key question regarding these large transfers is quite simple and direct: how are remittances spent or used? Are these monies spent on newly desired consumer goods back home? Or are they channelled into human and physical investment in origin states?

The impoverishment of rural areas in Nigeria is partly explained by out-migration of able youths in search of employment in cities. Consequently, agriculture which prior to discovery of oil was the mainstay of Nigeria's economy was far relegated to the background leading to the country's mono-economy status. Overdependence on oil, as it is obvious in Nigeria's economic sector has led to employment crisis which hence has increased the rate of out-migration in Nigeria as a whole and in Okene LGA in particular. Okene LGA had suffered a lot of youth migration as a result of poor terrain, lack of insufficient social amenities, poor

institutions and inadequate of industries. This study will address the following research questions:-

i. What is the pattern of out-migration in the area of study?

ii. What are the factors of out-migration in the study area?

iii. What is the nature of remittance made to communities in the study area?

iv. To what extent does the remittance affect the livelihood communities in the study area?

It is against the high magnitude of the out-migration to the neighbouring state and even the diasporas that this research is intends to explore.

## 1.3 AIM AND OBJECTIVES

The aim of this research is to examine the contributions of migrants' remittance on the livelihoods of households in Okene LGA and this will be achieved through the following specific objective which are to:

i. examine the pattern of out migration in the study area.

ii. identify the factors responsible for out-migration in the study area.

iii. examine the effects of out-migration on the livelihood of household in the study area.

iv. assess the impact of remittance on socio-economic development of Okene LGA.

## 1.4 THE SCOPE OF THE STUDY

Due to limited time and funds, this study cuts across three (3) out of the eleven (11)

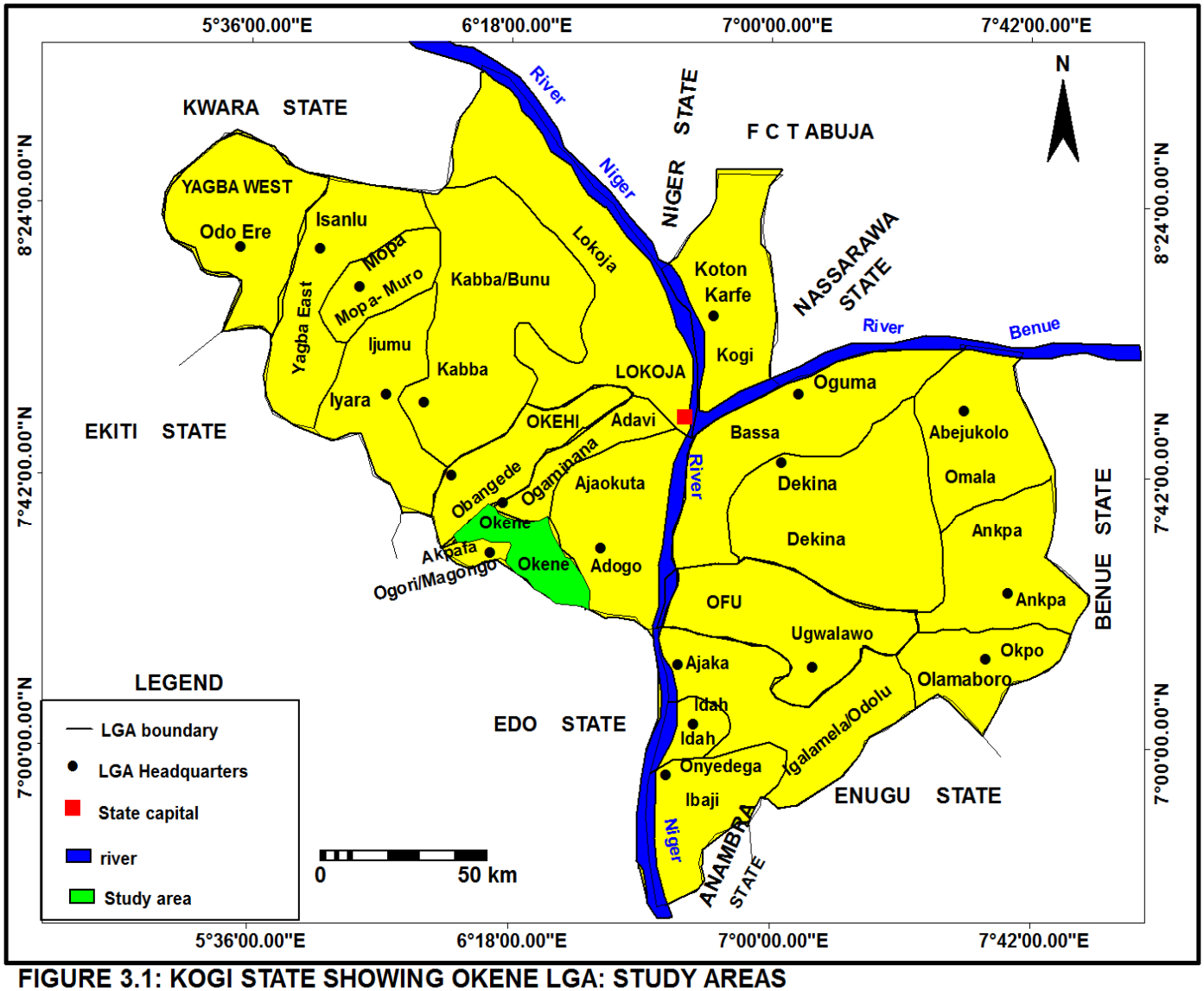



**FIGURE 3.1: KOGI STATE SHOWING OKENE LGA: STUDY AREAS**

**Source : Adapted and Modified from Kogi State Administrative Map, 2013**

wards in Okene Local Government Areas (LGA's) in Kogi State. There are two districts in Okene LGA and the study will cover three (3) selected wards which are; Idoji, Orietesu and

Obehira Eba. These wards represent the spatial distribution of all demographics characteristic in Okene LGA and the study will be limited to the effects of remittance on the livelihood of households in Okene LGA as from 1990 till date. The choice of temporal variability was as result of the collapse of Ajaokuta and Itakpe Iron Ore Mill which provide an employment to able body in the study area. Since this study is on migrants remittances, the respondents are basically the household heads either male or female houses are purposively sampled in the selected wards to capture or ensure adequate coverage of the study area.

## 1.5 JUSTIFICATION FOR THE STUDY

The degree of cultural diffusion and their components mix in our society today can not be overemphasised. The frequently complex mix of people and culture now found in different part of the country is no doubt precipitated by frequent migrants. However, Okene which is one of the LGA in Central Senatorial District of Kogi State is selected because of the role remittance played in uplifting the general well being of the area considering the landscape or geographical location of the study area which are mostly “hill dwelling “communities.

The study is focused on the effects of migrant’s remittances on the livelihood of households in Okene LGA of Kogi State as there has been high rate of migration out of the state. This research will reveal the effects of remittances in the study area, thereby helping to provide a strategy for effective planning by the affected authority such as the LGA, State Government, Federal Government and even non-governmental organisation (NGO).

# CHAPTER TWO

# REVIEW OF LITERATURE

## 2.1 INTRODUCTION

This chapter examines issues related to the effects of migrant's remittances on the livelihood of households in Okene Local Government Area, Kogi State. Their cause, the effects and policy implications of migrant's remittance.

## 2.2 CONCEPTUAL ISSUES OF MIGRATION

One of the most obvious and direct effects of remittances is change in the distribution of income in the receiving country which in turn may affect poverty and inequality depending on who receives them. While the poor will have more demand to send some member(s) outside their community as a mechanism of improving their welfare. The fact that migration is usually expensive and risky also means that they are less likely to realize it in the absence of well functioning insurance and credit markets (Nwokocha, 2007). Thus, to the extent that it is not known a priory who benefit from remittance, the effect on poverty and inequality is not clear.

In the migration literature, it is well established that in areas where migration is on its early stage, migration is expensive and risky and hence it is only the better-off households who will afford to send a migrant member abroad and benefit from remittances (Fajnzylber and Humberto Lopez, 2007). As a consequence, inequality will be aggravated while the effect on poverty will be insignificant. But, as migration increases through time, information about migration will be easily available which will make migration less costly and less risky.

In the limit, even the very poor will afford to send migrant members abroad and benefit from remittances. At this stage, migration will be based on inequality and poverty reducing (Massey, 1990; Massey and Espinosa, 1997; Mckenzie and Rapoport, 2007). Shen *et al* (2010) shows

similar result but without migration networks. They argued that initially the cost of migration is high for the poor and it is mainly the rich who will benefit from migration. As a result, inequality will be worsened. But, as time goes by, the poor will accumulate wealth through inter-generational transfers and become less constrained financially. Hence, they will start to send bigger share of their labour and benefit more from migration. Thus, in the long run inequality will be reduced. By the same token, it could be argued that remittances are more equalizing (less unequalizing) in areas where there is longer migration history. In the same vein, Gonzalez-Konig and Wodon (2005) reason that migration is more unequalizing (or less equalizing) in low income areas than in high income areas because in low income areas only the rich afford migration and hence benefit from remittances while in high income areas households in the middle and bottom income distribution may also benefit from remittances.

Ratha (2003), summarized the results of several studies on migration and remittances. The author concludes that remittances not only raise the food consumption level of recipient households in developing countries, but it is also has multiplier effects because they are mostly spent on acquiring locally produced goods. IDS (2006), also carried out a similar review on the role of remittances in Latin America and concluded that households receiving remittances tend to have better livelihood and access to health and educational service compared to non-receiving households.

Jimenez (2009), used the household economy approach to carry out a comparative analysis between remittances-receiving household and non-receiving households in Tlapanana village of Mexico. The author found that the consumption patterns do not differ significantly, but food consumption expenditure were higher in remittance-receiving households. Gustasson and Makkonen (1993) employed the 1986/87 household survey data in Lesotho and found that

remittances increased per capita food consumption on average among recipient households. Using the living standard measurement survey data, Quartey and Blankson (2004), found evidence of increased food consumption among remittance-receiving households in Ghana. The authors concluded that remittances help to smooth consumption in the face of economic shocks.

## 2.3 TYPES AND SOURCES OF LIVELIHOODS

Gustufsson and Mekonnen (1993) studied the effect of remittances on poverty using data from Lesotho. They treated remittances as exogenous additions to income and compared poverty measures in the actual case with the counterfactual one where remittances are assumed to be zero and the migrants are back home with no income. The result shows that remittances decreased poverty significantly. The effect was more pronounced for poverty gap and poverty severity measures. They used different poverty lines and the head count ratio on average decreased by a quarter while the poverty gap and squared poverty gap ratio fell by more than half. But the weakness is their approach that migrants are assumed to have no earning capacity should they stay at home.

Adams (1989) studied the impact of international remittances on inequality in rural Egypt. He first estimated income for those households who do not have migrant member abroad. The estimated equation was then used to calculate the counterfactual income for remittance receiving households in the absence of migration and remittance. Similarly, actual income (including remittances) was estimated for the whole sample where having a migrant member is included as a regressor. Then, inequality measures were compared for the two scenarios and it was found that remittances increase inequality because they were received by the upper income villagers. The Gini coefficient rose for per capita income for household income. His contribution was pioneering in terms of estimating the counterfactual income

without remittances. But, its weakness is that it did not take into account the issue of selections in migration which may bias the result.

Adams (2005) studied the impact of remittances on poverty and inequality in Guatemala using counterfactual estimation method. Consumption function was estimated for non-remittance receiving households using OLS method as there was no evidence of self selection. This was used to predict the counterfactual consumption for those who receive and those who don't receive remittance in the hypothetical case of no remittances. To get consumption in the actual case (including remittances), actual remittance values were added to the counterfactual consumption values (i.e., for non-remittance receivers the counterfactual and actual values will be the same as should be). The effect of international remittance on poverty depends on the type of measure considered and is generally small. The head count ratio rose from .55 to .56 while the poverty gap and squared poverty gap ratios respectively fell from .24 to .23 and from .14 to .15. Inequality did not change. Adams (2006) applied similar method in Ghana and found that the head count ratio increased from .33 to .39 due to international remittances while the squared poverty gap decreased from .10 to .7. The poverty gap ratio and the Gini coefficient did not change. In both countries the proportion of households who receive international remittances was only 8%.

Rodriguez (1998) used a double selection method (for migration and labour force participation) to estimate counterfactual income in the case of no remittance in their study in Nicaragua. Using the results of the selection controlled income estimates for non-remittance receiving households, (though they did not find evidence of selection), they estimated counterfactual income for remittance receiving households. To account for the artificially less volatile predicted income compared to the actual one they included error components drawn

from the selection equations. They found that remittances increased inequality as reflected by a rise in the Gini coefficient from .38 to .43 (while it decreased from .47 to .43 when remittances are treated as exogenous additions to income). Using similar method, Acosta et al (2008) found that remittances reduced both inequality and poverty in 10 Latin American and Caribbean countries. The poverty reducing effect is exaggerated when remittances are considered as exogenous additions to income while the impact of such assumption on inequality is mixed. The selection result shows that migrant households are negatively selected in their unobservable characteristics in all countries except Ecuador for which no evidence of selection was found. Gubert et al (2010) applied similar method in Mali where 20% of the sample received international remittance. They found that migrant households are negatively selected and international remittances led to a fall in the fraction of poor people from .49 to .46 (the effect is larger when remittances are assumed to be exogenous additions). They did not find significant effect on inequality.

There are also studies that tried to see the effect of remittances on inequality and poverty using decomposition techniques. By decomposing inequality and poverty in to different sources, it is possible to see the contribution of each income source including remittance to inequality and poverty. It is also possible to see the effect of a marginal change in each income source. Stark et al (1986) developed the decomposable Gini index to see the effect of a marginal change in remittances on inequality. They particularly wanted to test if the effect varies according to the prevalence of migration in the area. They used household data from two villages in Mexico collected in 1982. There was huge difference between the two villages in terms of migration. In the first village, only 26% of the households had a migrant member in the US while in the second village 76% had a migrant member. They found that the distribution of

remittances is more unequal in the first village than the second one. Besides, in the first village remittances mainly go to the better-off households while in the second village they go even to the very poor. A marginal increase in remittances worsens inequality in the first village while the opposite is true in the second village. This supports the argument that remittances are more equalizing (or less unequalizing) the higher the prevalence of migration.

In a similar fashion, Taylor et al (2005) used the decomposing method to study the effect of remittances on inequality and poverty using rural data collected from 14 Mexican states. Overall, remittances worsen inequality, but, there is huge difference across regions. In the West-Central Mexico, where migration prevalence is the highest, remittances have equalizing effect where as in South-Eastern region where migration is the lowest remittances have the highest unequalizing effect on the margin. Similar result is observed for poverty. Even if the overall effect is a fall in poverty, the magnitude differs starkly across regions. The largest effect is registered for the highest migration region while the effect is very small or zero for the lowest migration region.

Gonzalez-Konig and Wodon (2005) studied how the effect of remittances on inequality varies with income level using similar method of decomposition. They first developed a simple model to show that remittances are more unequalizing or less equalizing in low income areas than in high income areas because in low income areas it is only the better-off households who benefit from remittances while in high income areas the poor also benefits from remittances. Using a nationally representative data from Honduras they found that remittances on the margin are inequally increasing nationally while there is big difference between rural and urban areas. In rural areas where income is low, remittances are inequality increasing while in urban areas where income is relatively higher, remittances are inequality decreasing though the effect is not

big. Using a cross-country data from 10 Latin American and Caribbean countries Acosta et al (2008) also found that remittances have inequality reducing effect for most countries and there is high difference across countries. Rodriguez (1998) found that remittances have unequalizing effect in Philippines. Though the decomposition technique is good to see the effect of remittances on inequality and poverty on the margin it has a weakness that remittances are implicitly assumed to be exogenous additions to income, that is, it does not take into account the overall effect of remittances including the effect from the forgone income of migrants.

All the micro studies discussed above show only the direct effects of remittances on the receivers and do not show spill over effects to other households. They don't also show general equilibrium effects say in the form of price or labour market changes. Yang and Martinez (2005) tried to show such effects in the Philippines. To gauge the exogenous effect of remittances on poverty and inequality they used changes in foreign exchange rates following the Asian crisis in 1997 as an instrument. A positive exchange rate shock was associated with rise in remittances which led to a fall in poverty. In regions were remittance increases were higher due to the shock, the fall in poverty rates were also higher. Non-remittance receiving households in such regions also benefited and their chance of being poor decreased suggesting that remittance have indirect effect on the overall population by increasing economic activities. They did not find strong effect on inequality.

Another strand of literature includes cross country studies on the effect of remittances on national level poverty and inequality measures. Adams and Page (2005) estimated the effect of remittances and migration on poverty using a paned data from 71 countries and found that both variables (measured respectively as a fraction of GDP and percentage of people living abroad) significantly reduce poverty. The results were robust to instrumental variable methods. Accosta

et al (2008) also found that remittances decrease poverty while they increase inequality using a paned data of 59 industrial and developing countries. They found that the effect on inequality is negative (or insignificant) for Latin American countries where remittances are very common. Anyanwu and Erhijakpor (2010) found a significant effect of remittances on poverty using data from 33 African countries while Koechilin and Leon (2007) found an inverted U-shape effect of remittances on inequality using data from 78 countries.

Mckenzie and Rapport (2007), studied the effect of social networks on inequality at community level using data from Mexico. They found that when migration networks are not well developed, wealth is important and migrants come only from upper middle income households and hence remittances increase inequality. But, after migration networks grow, migration cost decreases and wealth become less of a constraint. As a result, even the poor are able to send migrant members and remittances become inequality reducing.

While there has not been any quantitative analysis about the development effect of migration with migrants' remittances on the livelihood in the Nigerian context, there is a general literature on different country experiences of effect of migration and some indicative evidence on the differential effect by migration. Most studies find that migration and remittances tend to reduce the labour supply and participation of non-migrating family members (Adams 2010). With regard to effect of migration and remittances on education investment and outcomes, findings in the literature are mixed. Using panel data and controlling for household fixed effects in rural El Salvador, Acosta (2011) reveals that able body migrant has slightly positive effect on household school enrolment while aged migration appears to have the opposite effect. At the same time, aged migrant tends to reduce household labour, the opposite to the effect of able body migrant. On differential impacts by household of the remittance

recipient, Acosta (2006) found that in El Salvador, labour force participation in households with remittance income decreases for aged household but not for able men. This paper builds on the existing literature in two important aspects. First, to our knowledge, this study is the first to identify effect of migrants' remittances on the livelihood of household of migrant and remittances. In doing so, it explicitly deals with the endogeneity of migration. Secondly, it identifies the effect of migrants' remittances on household dimensions of these livelihoods.

In terms of poverty effects, there is growing evidence that remittances reduce poverty among recipient households. For instance, Adams and Page (2005), focused on the relationship between international remittances and poverty in developing countries. The authors found that international remittance significantly reduce poverty in the developing world. Their study suggest that on average, and after controlling for the possible endogenous factors international remittances, a 10% increase in per capita remittances lead to a 3.5% decline in the share of poor people. In another study conducted in Guatemala, Adams (2004), found that remittances reduce the level, depth and severity of poverty among receiving household.

The need to understand the importance of remittances in the development of the rural areas cannot be over emphasised. In a study of migration and development carried out by Andrew and Samket (2008), remittances were found to contribute enormously to the technological capabilities of the beneficiary community.

## 2.4 NATURE OF MIGRANTS REMITTANCE

Many studies examined the relationship between remittances and investments in the home countries. Barajas *et al.* ( 2009) pointed out that for developing countries, remittances are large relative to other financial flows. The study observed that, in the last 10-year period, remittance flows have become as large as foreign direct investment (FDI) flows to developing

countries, amounting on an average of about one third of export earnings, more than twice the private capital flows, almost 10 times official capital flows, and more than 12 times official transfers. In light of this, developing countries should capitalize this huge amount of remittance inflows and use it for investment to promote development and inclusive growth. Empirical evidence in this regard shows that the inflow of remittances by the migrant workers and professionals from a developing country helps in increasing the investment activities in the recipient country. By using 1988 survey of 1,526 Egyptian migrants, McCormick and Wahba (2001), attempt to find the probability of a migrant becoming an entrepreneur/employer/self employed person or a business owner upon his/her return from working abroad. Even though the results are different for literate and illiterate migrants, the general conclusion derived was that two factors – namely, time spent working abroad and total amount of money saved abroad have positive and significant effect on the likelihood of migrants becoming entrepreneurs on their return to the home country.

In the migration literature, considerable attention has been devoted to the poverty of effects of remittance income in developing countries (e.g. Adams and Page, 2005; Adams, 2004, Gupta*et al*, 2009). In contrast, much less is known about the effect of migrants remittances in household especially as it relates to non-monetary aspect of remittances in developing countries. As a result, relatively little policy efforts have been made to utilize the welfare and developmental potential of remittances. Concrete policies that could encourage the flow and effective use of remittance are generally lacking (Maphosa, 2007).

The relocation of people can basically be divided into two main types; international and internal movements. One method of classifying migration is to describe their permanency. In developing countries, such as those of Tropical Africa, migration is basically semi permanent,

temporary or seasonal since most migrants usually return after spending some time at their destinations. Based on the origin and destinations of the migrants, three important migrations are often noticed in most African society; rural-urban migration, urban-urban migration and urban-rural migration. Internal movement to resource areas begins with scarcity of resources at the source area and establishment of resources locations in areas many kilometres away from the residence or place of origin of migrants (Fellman and Getis 2004). Communities experiencing insecurity, fall in demand and low wages for labour due to infertile land, poor climatic condition, lack of social infrastructure as well as religious and political crisis, will under normal circumstances move to location with better prospects in order to survive. Thus, the concentration of migrants in particular location for various activities is purely on the basis of favourable resources.

Adams (2005) examines the impact of remittances on the spending behaviour of households for consumption and investments, in both rural and urban Guatemala. The study takes the data from a 2000 survey of 7,276 households and compares the marginal budget share of remittance receiving and non-remittance receiving household on six consumption and investment goods. The findings show that the households receiving international remittances spend more at the margin on investment goods, especially, on housing and education, and spend less, at the margin, on food items. Similarly, Yang, (2004) analysed how the exchange rate shocks during 1997 due to the Asian financial crisis affected the expenditure pattern of 1,646 Filipino households receiving international remittances. Of the several findings in this paper, one of its findings shows that favourable exchange rate shocks (i.e. more remittances income as a result of favourable exchange rate shocks) increases the investment of remittances receiving household in entrepreneurial activities specifically in transportation, communication and

manufacturing enterprises. The flow of remittances remains more or less stable irrespective of the economic condition of the recipient country. Remittances are expected to reduce poverty as they may be directly received by the poor.

Remittances constitute important sources of foreign exchange earnings for many households in developing countries. While remittances cannot be considered as a substitute for FDI and other official development assistance, it may ease short-run foreign exchange constraints at times other financial flows decline due to external factors. Bouhga and Hagbe (2004) explain the importance of remittances to Morocco as a source of foreign exchange that could be used positively for development. Similarly, Ranjan and Subramanyam (2005) find that remittances have constituted an important stimulus to domestic demand. Very few studies have estimated the macro economic impact of remittances on employment in the recipient country. At micro level, studies suggest mixed results. Frank (2001) argues that the families receiving international remittances severely curtail their work efforts. Similarly, Rodriguez and Tiongson (2001) for Manila and Funkhouser (1992) for Managua conclude that remittances reduce employment. However, they do not take into account of endogeneity of remittances with respect to labor supply. Rodriguez and Tiongson (2001) conclude that, when migration occurs, non-migrant relatives receive remittances, which they perceive as additional non-labour income. An increase in non-labour income then reduces their participation in local labour markets. In contrast to these studies, Cox-Edwards and Rodriguez-Oreggia (2006) find that remittances have no impact on the labour supply of household members in Mexico. However, at macro level, when the inflow of remittances is used for the investment, the non-migrated families get benefited by seeking employment.

## 2.5 CONCLUTION

The majority of the existing studies, which focus on the impact of migration on household members left behind, have shown positive impact in both the short run and long run. Rapoport and Docquier(2006) show how the household members who are left behind, use migrants' remittances. Remittances are used to repay loans taken to finance migration or education, and insurance and strategic motives. It also directly contributes to household income, allowing households to purchase more assets; enables higher investment in business; and facilitate buying more goods, including education and health inputs. Yang (2005), and woodruff and Zenteno (2001) suggest that, at the household level, remittances can spur entrepreneurial activity. Hildebrandt and McKenzie (2005) emphasize the knowledge transfer and change in attitudes of the remaining family members of the migrants. For example, they find that the knowledge about contraceptives increased with emigration of household members from Mexico to the United States.

# CHAPTER THREE

# THE STUDY AREA

## 3.1 PHYSICAL CHARACTERISTICS OF OKENE

### 3.1.1 Location

Okene lies in the central part of Kogi State of Nigeria. The area touches the North-Eastern boundary of Edo State at Okpella and it is separated from the Ajaokuta by natural-river Okuhua-Obanyi which is situated at the eastern boundary of the area. The Southern and Northern portion is marked by latitude $7^0$ 15' N to $7^0$ 46'N while the western and eastern margins are determine by longitude $6^0$ 11'E to $6^0$ 55'E respectively (Otupuru, 2006). The area share boundary in the north with Okehi Local Government Area and in the west with Oyi Local Government Area. Okene comprises of two districts which is Okene and Okengwe districts. She has a total land area of about 8,000 square kilometres. The climate of Okene is clearly defined by two rainy seasons. The rainy season usually start from late March, but maximum rainfall occurs towards the end of the rainy season with September having the wettest month of about inches of rain. Soil in Okene are usually stony, although patches of reddish clay at the foot of inselbergs. Extensive patches of clay occurs at the lower lateritic tablelands, where a marked catena arrangement of laterite clay on the upper slopes and fine-grained to sandy clay at the base is typical. Climate and soil conditions favour the growth of dense savannah woodland but centuries of human interference and the persistent annual bush fires have reduced the natural vegetation to one of open savannah woodland.

### 3.1.2 Relief and Geology

The relief of Okene like other parts of the middle belt could be classified into two, stable land surface and erosional land surfaces. The stable land surface consists of level or undulating

plateau surface at over 1.200 feet. The surfaceare characterized by smooth round inselbergs with examples. At Okene and Upogoro areas; flat-topped hills and bold ridges dominate other parts of the area with example at Okene and Okengwen districts. All over the stable land surface ironstone is widely spread, occurring as pisolitic gravel, broken block or continuous sheets overlain by clayey materials at depths varying from 3 – 8 inches. Also extensive high level erosion surface, which are characterized by steep-side granite hills with elevation of about 1,00 feet, the rich ore deposits on the these stable land surface formed the basis of the present location of the only iron and steel company in Nigeria at Ajaokuta. The uplands of Okene are underlain by igneous and metamorphic rocks of the basement complex, which out crop as massive ridges and rocky hills all over the area.

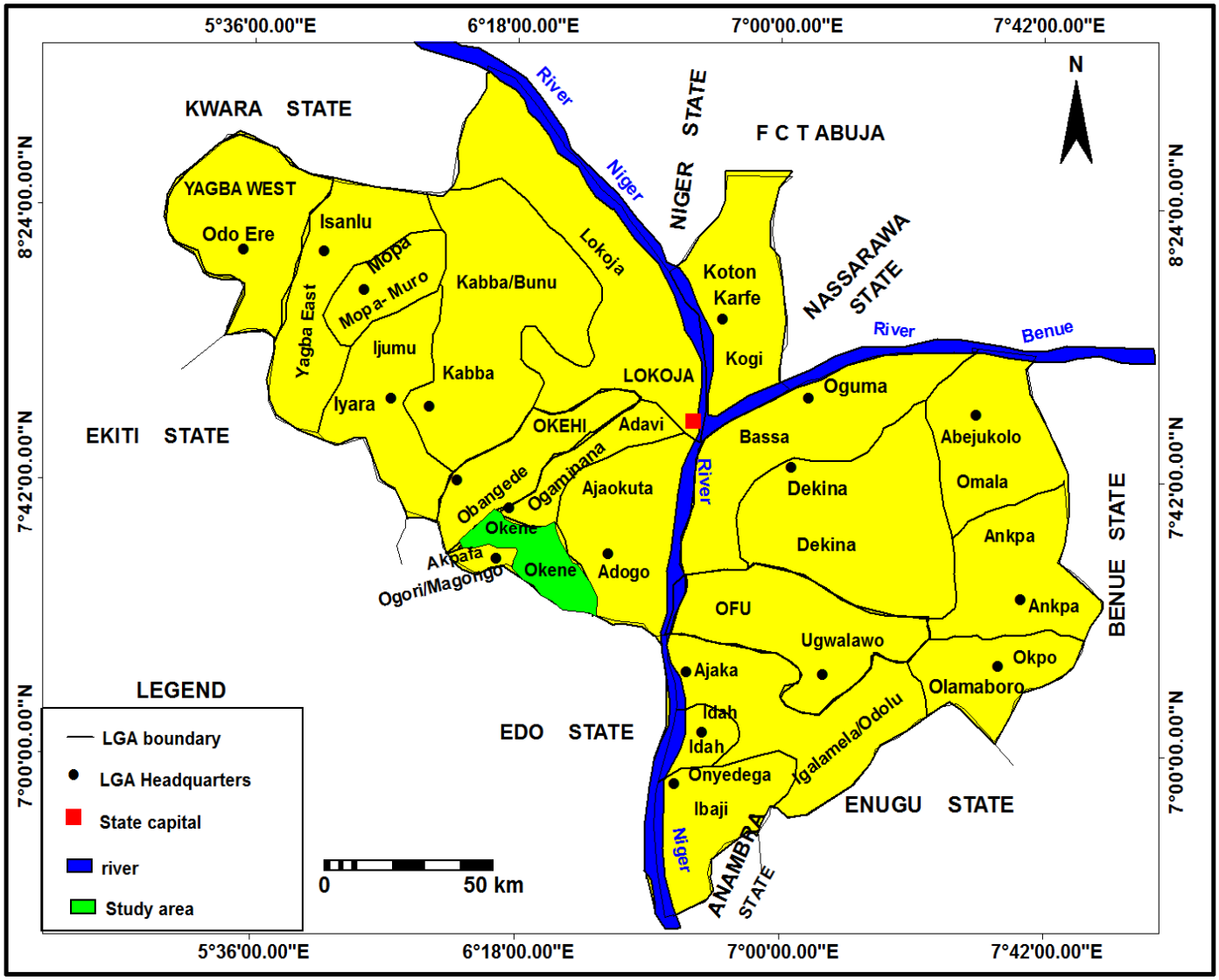



**FIGURE 3.1: KOGI STATE SHOWING OKENE LGA: STUDY AREAS**

Source : Adapted and Modified from Kogi State Administrative Map, 2013

### 3.1.3 Climate and Hydrology

The climate of Okene is clearly defined by two seasons. The rainy season usually start from late March, but maximum rainfall occurs towards the end of the rainy season with September having the wettest month of about inches of rain. A rainfall figure for Okene (49 inches) gives maximal regime. The dry season start from November to early March when farming activities came almost to a standstill and the temperature at this is high (about 98$^{o}$F) and the heat is intense. Tornadoes which usually herald the coming and end of the rainy season are more as a result of delayed rain as well as from variability in the monthly rainfall which for any given month may range between 70 – 130 per cent of the mean. The rivers and streams dry up and water for domestic use becomes very scarce. The cold harmattan from the North-East comes during the dry season, and usually has the effect of reducing the relative humidity from over 80% during the rainy season to about 0-60%. Its dryness which derives from the fact that the wind blows over the vast and dry Sahara landmass, has some salutary effects on agriculture for example, it hastens the drying of cotton produce in areas like Okuhaobanyi, Oguda and guinea corn all over the area.

### 3.1.4 Soil and Vegetation

Soils in Okene are usually stony, although patches of reddish clay at the foot of inselbergs. Extensive patches of clay occur at the lower lateritic tablelands, where a marked catena arrangement of laterite clay on the upper slopes and fine-grained to sandy clay at the base is typical. It provides the main areas of fertile farmland and can easily be identified where they occur as a ring of heavy cultivation around the base of bold rock outcrops. The widespread layers of iron stone found on the stable land surfaces is a product of intense of chemical weathering and this rich ion stone of basement complex represents an African laterite plain developed on sedimentary rocks.

The rivers in these areas except River Niger at Ajaokuta which is perennial are small and streams which contain water only during rainy season and dried up during dry season. They are all incised for example, River Ohiana, Osara, Esomi, Okuhua-Avi, Okuhua-Anatahu, Okuhua-Obanyi, Idakaba-Arugu-Iyasa and Ekuku where a dam is presently under construction for the purpose of storing and providing portable water supply to the whole area. The area generally faced the problem of acute shortage of water supply which causes much hardship during the dry season when temporary holes are dug along dry river beds for the purpose of obtaining water. Such water is usually contaminated and the incidence of guinea worm at this time of the year is high.

Climate and soil conditions favour the growth of dense savannah woodland but centuries of human interference and the persistent annual bush fires have reduced the natural vegetation to one of open savannah woodland. Tall grasses often exceeding five feet in height, and trees with crooked and gnarled stem of about forty feet high predominate. Along the steam valleys the vegetation is of high forest type.

### 3.1.5 Historical Development of Okene

Written document (with regards to the history of origin) of Ebira people are scanty, thus of the history of origin is based on oral tradition and few written records for some writers such as Ibrahim (1978) and Paula Brown (1968). According to the existing tradition the ancestors of Ebira people were Jukun of the Wukari in Idoma division of Benue/Plateau. The Jukun people, around 170 A.D. rose against their Chief who fled with some of his followers, embarking on canoes in Apa or Bepi on the Benue River. They were pursued up to Agatu district where the Chief was killed as a result of the fight which ensued. Ayeba, the elder son of the chief and Ebira his junior brother, escaped with the aid of Ashadu the Chief of the Idah people, beat back the pursuing Jukun. From this place Ebira conducted occasional hunting expedition to the

present site of Okene for antelopes called "Une" in Ebira language. Antelopes were so abundant in this area then that he referred to it as "Okoro-une", that is, area where antelopes is in abundance. Ayeba was interested in fishing expedition which he carried out up the Niger and its tributes. They went up as far the present Ebira-Kotoland.

From my interview, another tradition claimed that the Ebira people migrated directly from Wukari via the Koto land and via Idah – that is, is two directions. It claims that as the migration continued some of the followers of Ebira settled on their ways. This accounts for "the existence of other Ebira groups – Ebira Tao ("EHI"); EbiraIgu (KotonKarfe); Ebira Panda (Umaisha); EbiraOje (Toto); and Agatu". Except the Agatus who cannot speak the Ebira dialect, the remaining groups speak the same language with some differences in intonation and accent.

As reported by Paula Brown the migrants occupied some hills in clan groups. The hills being Okehi, Ukpayi-Okengwen, Eikoku, Ukpogoro, Okeneba and so on. These hills were closely parked and since the Ebira were not sure of safety from those they found occupying the area they opted for the hill tops. Among the people they met was the Basa-Komo, the Edo speaking Uma'a, the Uneme and Yoruba speaking Anowe people. The Basa group occupied the Okehi, Eika-Egba and Eikoku hills the mount Anom. The Basa group occupied the Okeneba hill near the present site of Okene town.

With time, the population of hill top could not provide food for the population. Frequent encroachments into the valleys occupied by the wars between the Ebiras and these groups. The Ebiras succeeded in ejecting other group out of the vicinity. The Ebiras who settled on Ukpanyi hill at Okengwen ejected the Basa group on Okeneba hill. This Ebira group was mainly the Eziogu clan from Okengwen. With the defeat of these people, the area which was later carved to form Ebira division was a cluster of hill top settlements which the inhabitants

went far into valleys hunt and to establish their farms. Relationship with the Anowe of Kabba was very friendly and as such some cultural contact was maintained between them and the Ebira people. There was trade between the Anowe people and the Ebiras. From the Anowe people got their pepper and the "Ubeneto" cloth. Trade in salt also went on between the Ebira people of Eganyi and Idah. From Okene hand woven cloth were sent to Idah and Idoma area. Big gowns and fez caps and some Europeans manufactured goods came from Ilorin to Ebiraland via the Anowe people. These commercial contact also reduced what might have created a cultural isolation of the Ebira people.

The years between 1865-1897 saw a series of wars between Ebira people and the Nupe slave whom the Ebiras referred to as the "Ajinamoh". The wars discouraged settlement on the valleys and for strategic reason the Ebiras withdraw to hill tops destroying their farms and carrying all the movable valuables. Farms were established on the hill tops behind their compounds. The Ebira people did not have early contact with the British as it was the case in the other parts of the country. By 1885, the Royal Niger Company (R.N.C) had already reached the confluence of the Niger – Benue at Lokoja, but trade security in the hinterland was being disturbed by the Nupe warriors. Their constant raids prevented the growth and development of legitimate trade. The R.N.C. thus decided to place a military post at Kabba to ensure safety. In 1897, after the conquest of Bida and Ilorin the Company started extending its areas of influence to the surrounding. On 1st January 1900, Federick Lugard took over the administration of Northern Nigeria from the RNC and created Kabba provenience with Lokoja as the headquarters and Sir WillamWallance as the first resident.

In January 1900, about eighty military men under Captain Beddoes and Lieutenant Grant visited Ebiraland via Ikiram. These first batches of British soldiers were not friendly

received and even those who did so were detested up till 1904, they were still hostile to the British. These military men had to retreat. The Resident decided to transfer the West African Frontier Force (W.A.F.F.) under Major Mahs from Kabba to Okene. The WAFF also met some resistance from the Ebiras. Series of wars ensued but the Ebiras who were merely using bow and arrow were routed group by group with guns. The hill top strategy was no more effective thus their defeat in 1904. The British now declared their policy before the Elders at Obangede and Okene that they had come for peace and not war. In 1908, a political officer, Mr. Groom was stationed to live at Okene. It was there he built the present site or Okene town as a military post and Okene started assuming an administration status of Ebira division created in 1917. The instituted Native Authority was headed by Atta Ibrahim (British appointed Chief Coterminous with the warrant chiefs of the Eastern Region) who embarked on various road construction works in 1919 to link the different part of Ebira division with Okene and to link the division as a whole to other parts of the country.

The Missionaries were the next batch of foreigners to arrive in the early 1920s. Apart from their religious roles, they also built schools such as the Roman Catholic School (North) 1923; and the St. Andrews Primary School built by the Anglican Missionaries. Other Schools later built include Roman Catholic School (South and Anglican College). They established dispensaries and health centres at Okene, kuroko, Ihima and Ogaminana; and encouraged agricu ltural practices; craft/handcraft, trade and commence between Ebira people and foreign traders.

The growth and development of an area is the physical manifestation of socio-cultural, political and economic attitude of the people. The main aspect of changes indicating growth and development are:

a. The road network;

b. The Architectural style; and

c. The functions (or land-use)

The road networks and their functions is the aspect in which the economic influence is seen most explicitly. The road networks function to provide the most effective means of movement of peoples, goods and services in the whole area. With the advent of colonial administration, there was increase in economic activity by the people. The changed in status of Okene which became an administrative and the concentration of amenities in the towns. They became the focus of many road networks; with Oguda, Ogaminana, Okengwen, Adavi-Eba, Ikuehi, Obeiba, Ihima, Oboreke and Iduje located along Federal Government Trunk "A" roads enjoying much accessibilities from the Southern, Northern and Western part of Nigeria respectively. Most of the main roads are tarred with some arteries or canals in each district of Okene, though some few exceptions like Okene-Kuroko-Eika road, Inike-Idare road, Idoji-Eyinnare road, Iruvuochinomi-Egge road both in Okene and Okehi linking Government Residential Areas both in Okene and Okehi are all tarred.

In the architectural style and functions could be interpreted in the morphology of the area. The structure requires the building of large compounds to accommodate the large families. The compound are usually round, oval or rectangular in shape enclosing an empty space in the centre (Ohueje) and veranda in the frontage in which certain activities such as the playing of games or the holding of conferences or women installing their looms for weaving clothes. The economic change of the area have resulted in sophisticated buildings especially the European cottage types, Brazilian type of architectural styles characterised by balconies with rails, and strong types of wooden frameworks made of ornamented planks stronger modern locks. The emergence of political administration came with the promulgation of some laws, one

of which require that buildings must be planned hence the various residential layouts like Etahi, Inike, Esomi, Okengwen and GRA layouts that have all witnessed modern and sophisticated structures which clearly depicts growth and developments of Okene.

Okene function as a gateway to the Southern and Northern part of Nigeria as she has potential markets for their products. Okene has many banks like Union Bank, United Bank for Africa, First Bank of Nigeria. There are construction companies like Ohida Construction Companies, Akande Construction Company, Insurance and Assurance Companies, Educational Centres, Law Chambers of reputable standards, large supermarkets like Lily Babs supermarket, Sanbell Supermarket; pharmaceutical chemists; large petrol station like Total, Mobil, National, AP Oil, Departmental Shops and Stores like John Holts, Opaja Major Company; large Hotel, Aragaraga Hotel, Dollars Motel, Darbras Hotel, Hilltop Hotel. Industries also sprang up to the recent time to crow the growth development of Okene, for example, Apelende Saw Mill Industry which produce and manufacture modern sophisticated furniture for the whole area and beyond as people travel from Edo, Benue State, Kwara State and Federal Capital Territory to acquire the Company 's products. Blocks industries also emerged to satisfy the high demand. For example, Ayoko block industry and most importantly, the establishment of Nigeria's only Iron and Steel Company and ore Minining Company at Itakpe accelerated socio-cultural, political and economic transformation, growth and development throughout Okene. The Federal College of Education is situated in Okene. There is also a satellite campus of the Kogi State Polytechnic.

## 3.2 METHODOLOGY

### 3.2.1 Introduction

Research methodology is one of the important aspects of a study. The desire to get accurate and up to date information on the subject matter is a very critical hence the need for a good research design and techniques. This aspect of the work will help with finding of the relevant data for the study to be achieved.

### 3.2.2 Study Design and Reconnaissance Survey

Reconnaissance survey of the study area was carried out in order to be conversant with the study area and this has helped me in determining the sample size of the study area, draw out the questionnaire and order necessary instrument to be applied in the course of the research to meet the objectives.

### 3.2.3 Sources of Data

This section discusses the various methods that will be employed in generating data for the study. The section will also highlight the reconnaissance survey, source of data, sampling technique, method of data analysis and questionnaire administration.

#### 3.2.3.1 *Primary Data Source*

This will be obtained through the administration of questionnaires and the use of oral interviews with respondents. The questionnaire to be administered will be structured to address issues on migration; scale, direction, educational attainment, livelihood activities, rate of out-migration, remittance, category of movers, reasons for moving, age, sex, marital status.

#### 3.2.3.2 *Secondary source of data*

The secondary data source will be accessed through the consultation of related books, newspapers, magazine, journals, articles, gazettes, and other relevant materials.

### 3.2.4 Study Population

There are two districts in the study area and three wards will be sampled out of the 11 wards in the Local Government Area. Third place order random sampling will be adopted in the selection of the wards. These three wards represent the administrative, commercial and household characteristic of Okene LGA. Chosen wards were selected in 3rd place order, that is 3rd, 6th, and 9th will be picked (see Table 1.1).

Table 3.1 Wards in Okene Local Government Area

| **Districts** | **Wards** | **Wards Selected** |
|---|---|---|
| **Okene** | Agassa/Ahache/Okeneba | |
| | Barki | |
| | Idoji | **Idoji** |
| | Lafia/Obessa | |
| | Onyikoko | |
| | Orietesu | **Orietesu** |
| | Otutu | |
| **Okengwe** | Abuga/Ozuga | |
| | ObehiraEba | **ObehiraEba** |
| | ObehiraUvete | |
| | Upogoro/Odenku | |

**Sources: Field Survey, 2013**

Okene Local Government Area, in 2006 has a total population of 325,623, made up of 163,935 male and 161,688 female (NPC, 2009). Three Wards in the study area form the sampling frame for the study. To determine the sampling size for this research, Krejele and

Morgan's (1970) method of determining sample size will be adopted, where population size of 75,000-999,999 has a sample size of 382. The purposive sample technique was used for the purpose of selecting respondents in the field. This method is characterised by the use of personal judgement and a deliberate attempt to obtain representative sample by including presumable typical areas or groups in the sample (Abiola, 2007). As part of this study, questionnaires will be administered to the household heads either male or female. This is to ascertain whether migrants' remittances are having a noticeable effect on the livelihoods of household in the study area.

To be able to achieve the actual number of respondents to be administer in each ward, the three wards will be arranged according to the number of population in terms of high, medium and low as shown below:

H; High populated wards will be represented with three points

M; Medium populated wards will be represented with two points

L: Low populated wards will be represented will be represented with one point.

Using the Krejele and Morgan's (1970) method of determining sample size, we will arrive at the following results.

Table 3.2 Selected sampled wards and the proportion of respondents to be taken

| **S/N** | **Wards** | **Number of Respondents** |
|---|---|---|
| 1 | Idoji(high) | 191 |
| 2 | Orietesu(medium) | 127 |
| 3 | Obehira-Eba(Low) | 64 |
| **Total** | **3** | **382** |

**Sources: Field Survey, 2013**

### 3.2.5 Method of Data Analysis

The 382 questionnaires used for this research was coded into a computer and analyzed using Statistical Packages for Science Computer Software (SPSS). The information elicited through questionnaire will be collated, analyzed and presented along with that from the NPC and personal observations.

This technique was used for data summarization. It allows for descriptive of variable through frequency distribution, presentation of results in percentage, tables, cross tabulations, bar charts and pie charts. The inferential statistic is used to establish the relationship between the independent variables of the effects of remittance and the various dependent variable of livelihood like buildings, educational enlistment, health facilities and drop in the ratio of household poverty level. The tests would be at 0.05 levels.

# CHAPTER FOUR

# DATA PRESENTATION AND ANALYSIS

## 4.1 INTRODUCTION

This chapter presents, the findings of the research based on the background characteristics of the respondents in Okene Local Government Area (LGA). These characteristics include; respondents' age, sex, religion, education, occupation, income and household size and the effect of out-migration on the community development is examined

## 4.2 SOCIO-ECONOMIC CHARACTERISTICS OF RESPODENTS

### 4.2.1 Age of Respondents

The age structure of a population explains the distribution of children, adults, and old in a given society. This variable is very important in determining the manpower supply, education and social services in the society which may dictates the use of health care services.

Figure 4.1 shows the distribution of respondents by age. It reveals that 64.4 percent of the respondents are over 45 years of age, followed by those who are 30-34 years with 8.6percent. This implies that majority of the respondents are mostly the elderly people who are left behind to take care of the village.

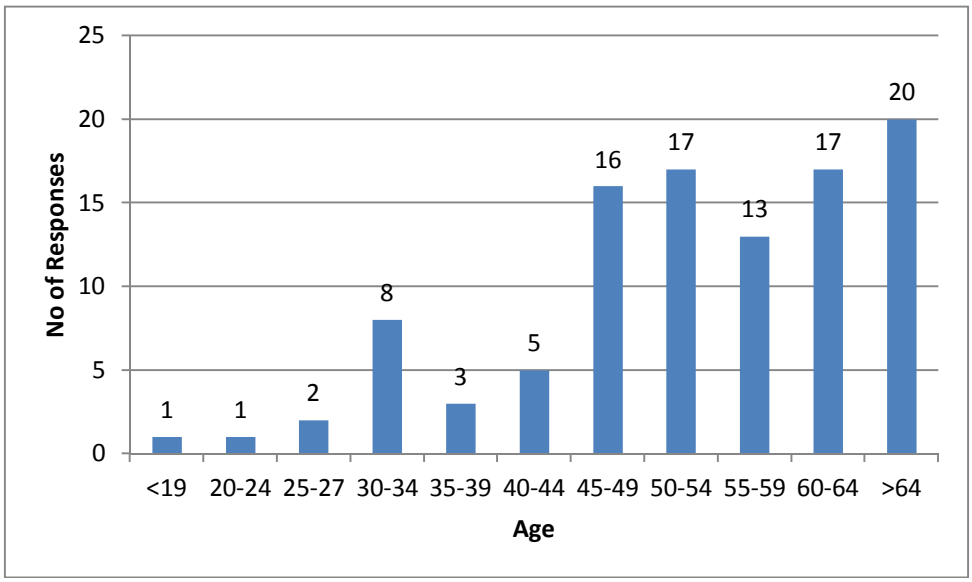



**Figure 4.1: Distribution of respondents by age.**

Source: Field Survey, 2013.

This also implies that the security of the people in the town is at stake because the youth who suppose to be the security have migrated leaving behind the elderly people.

### 4.2.2 Distribution by Sex

Sex structure is an expression of male and female proportion of a population. The distribution of respondents by sex is shown in Figure 4.2. Majority (61 percent) of the respondents are females as against 39 percent males. The relatively high percentage of female is as a result of the fact that most of them hardly go out in search of greener pasture compare to the men. And again due to cultural practices, movement from one place to another do not favour women compared to men.

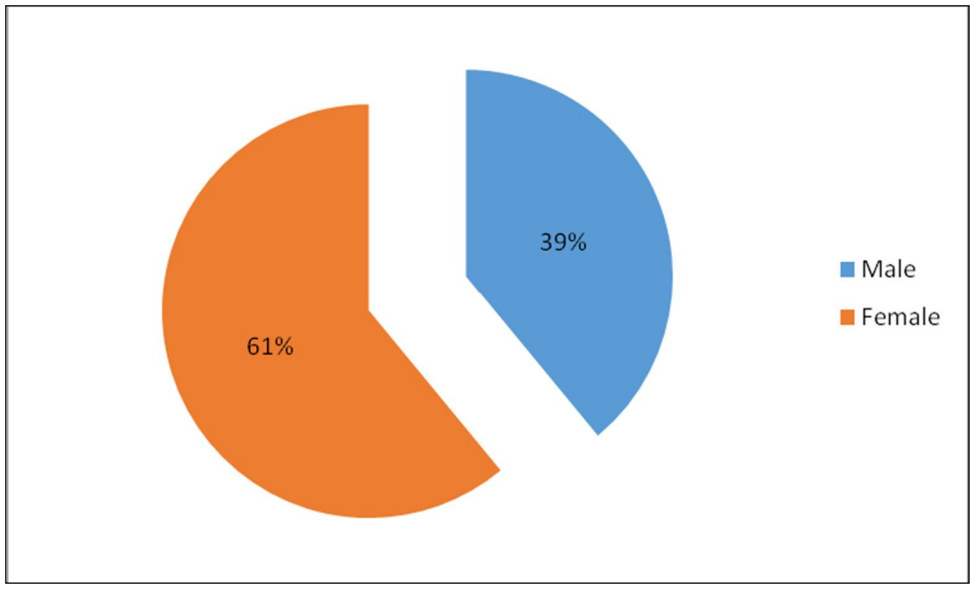



**Figure 4.2 Percentage Distribution of Respondents by Sex**
Source: Field Survey, 2013.

### 4.2.3 Marital Status

Table 4.1 shows that majority of the respondents are married with 65.7 percent, and 1.8 percent are separated. The high proportion of married respondents is to be expected as the study area is family a rural setting and rural areas are generally known to have high proportion of persons in marital union.

**Table 4.1: Distribution of Respondents by Marital Status.**

| Marital Status | Frequency | Percentage |
|---|---|---|
| Single | 43 | 11.3 |
| Married | 251 | 65.7 |
| Divorced | 35 | 9.2 |
| Widowed | 46 | 12.0 |
| Separated | 7 | 1.8 |
| **Total** | **382** | **100.0** |

Source: Field Survey, 2013.

The relatively high percentage of married people is probably due to the cultural and religious setting of the study area which encourages early marriage. This could be attributed to the fact that those that are married might have found it difficult to move without their household

members unlike those that are single who can easily move at any given time when the need arises, especially in search of better employment.

### 4.2.4 Educational Attainment and Occupation

Education is a very important determinant of out-migration. The level of education is directly related to the percentage desire to migrate. The major reason for wanting to migrate is to seek white collar jobs in the cities. Therefore the higher a persons level of education the higher the tendency to migrate to the cities. Table 4.2 shows the distribution of the sampled population by the highest level of educational attainment.

**Table 4.2: Distribution of the Respondents by Level of Education and by Occupation**

| **Education** | **Frequency** | **Percentage** |
|---|---|---|
| Primary | 4 | 1.0 |
| Secondary | 213 | 55.8 |
| Tertiary | 120 | 31.4 |
| No formal education | 15 | 3.9 |
| Others | 30 | 7.9 |
| **Total** | **382** | **100.0** |
| **Occupation** | | |
| Farming | 115 | 30.1 |
| Civil servant | 76 | 19.9 |
| Business | 92 | 24.1 |
| Professional | 68 | 17.8 |
| Student | 27 | 7.1 |
| Unskilled labourer | 2 | 0.5 |
| Unemployed | 2 | 0.5 |
| **Total** | **382** | **100.0** |

Source: Field Survey, 2013.

From table 4.2 it shows that 55.8 percent of the sampled population has attended secondary school, 31.4 percent indicate that they have tertiary education. The high proportion of respondents with secondary school education is likely as a result of the introduction of the Universal Basic Education (UBE) in Nigeria, which has contributed greatly to the total number of enrolment in both public and private schools in the country. The tertiary education level is

also high (31.4 percent) because there is increased awareness on the importance of education and it serves as a gate pass to gaining employment in the country.

Table 4.2 also shows the distribution of respondents by their occupation. It reveals, that, 30.1% of the respondents are farmers, followed by 24.1% who are business men. The occupation of parents is an indication of the economic situation where these adolescents had to move out to better up their lives. It is to a large extent an important variable to show how well the adolescent feed, and how much of their need can be met by their parents (Dare *et al*, 2001).

### 4.2.5 Level of Income

Table 4.3 shows the distribution of respondents by income. About 52 percent of the respondents have a monthly income of between ₦5,000 and ₦10,000 and only 1.0 percent of the respondents have a monthly income of more than ₦ 31,000. The relatively high proportion of respondents earning not more than ₦10,000 per month can be attributed to the fact that a high proportion of the respondents are farmers. And most of these farmers do not know what they earn per month. Due to the level of income of respondents that is poor, the migrants had to go out in order to supplements the income of their household.

**Table 4.3: Distribution of the Respondents by level of Income**

| Income per month(₦) | Frequency | Percentage |
|---|---|---|
| <₦5,000 | 22 | 5.8 |
| ₦5,000 – ₦10,000 | 197 | 51.6 |
| ₦11,000 - ₦15,000 | 136 | 35.6 |
| ₦16,000 - ₦ 20,000 | 3 | 0.8 |
| ₦ 21,000 - ₦25,000 | 13 | 3.4 |
| ₦26,000 - ₦ 30,000 | 7 | 1.8 |
| ₦ 31,000 and above | 4 | 1.0 |
| **Total** | **382** | **100.0** |

Source: Field Survey, 2013.

### 4.2.6 Size of Household

The distribution of respondents according to household size shows that 32.2 percent are living in a household of 7-8 persons and 2.4 percent are from 11 and above who are member of household. Frank (2001) argues that the families receiving international remittances severely curtail their work efforts.

**Table 4.4: Distribution of the Respondents by Size of Household.**

| Size of Household | Frequency | Percentage |
|---|---|---|
| 1-2 | 41 | 10.7 |
| 3-4 | 74 | 19.4 |
| 5-6 | 103 | 27.0 |
| 7-8 | 123 | 32.2 |
| 9-10 | 32 | 8.4 |
| 11 and above | 9 | 2.4 |
| **Total** | **382** | **100.0** |

Source: Field Survey, 2013.

This result reveals that the migrant household has mainly large household size which is insufficient to meet their various needs. It could also be that they are not gainfully employed or well paid; so as a result, they move more to new areas they assume they may be well paid but sometimes still remain poor.

## 4.3 MIGRATION AND REMITTANCES

### 4.3.1 Some Demographic characteristics of Migrants

This section discusses some characteristics of the migrants at the time of migration as reveal by respondents

#### 4.3.1.1 Migrants Educational Level

Table 4.5 shows the distribution of migrants by level of education, it shows that 42.1 percent of the migrants have secondary school education, 30.3 percent are university graduate and 6.8 percent have no formal education.

**Table 4.5: Distribution of Respondents by Migrants Educational Level.**

| Educational Level | Frequency | Percentage |
|---|---|---|
| Primary | 67 | 20.7 |
| Secondary | 136 | 42.1 |
| Tertiary | 98 | 30.3 |
| No formal education | 22 | 6.8 |
| **Total** | **323** | **100.0** |

Source: Field Survey, 2013.

This implies that the migrants are mainly literates. This becomes obvious that majority of the migrants moved to the urban areas in search of job and good living conditions because they perceived that they stand better chance of being employed than those with no formal education who may be mainly illiterates. Education is known to be an important determinant of migration (Adams, 2003), although its effect varies considerably across countries (Acosta *et al*, 2008). If education stimulates receiving remittances, as seems to be the case for the Rural Nigeria, then enhancing education among poorer households could have an equalizing effect on income through its effect on remittances.

#### 4.3.1.2 Prevalence of Migration

The distribution of house that have members of household migrated shows that 85 percent have their member(s) migrated while only 15 percent have not in Figure 4.3. This implies that migration has become the order of the day in the study area as a means of survival.

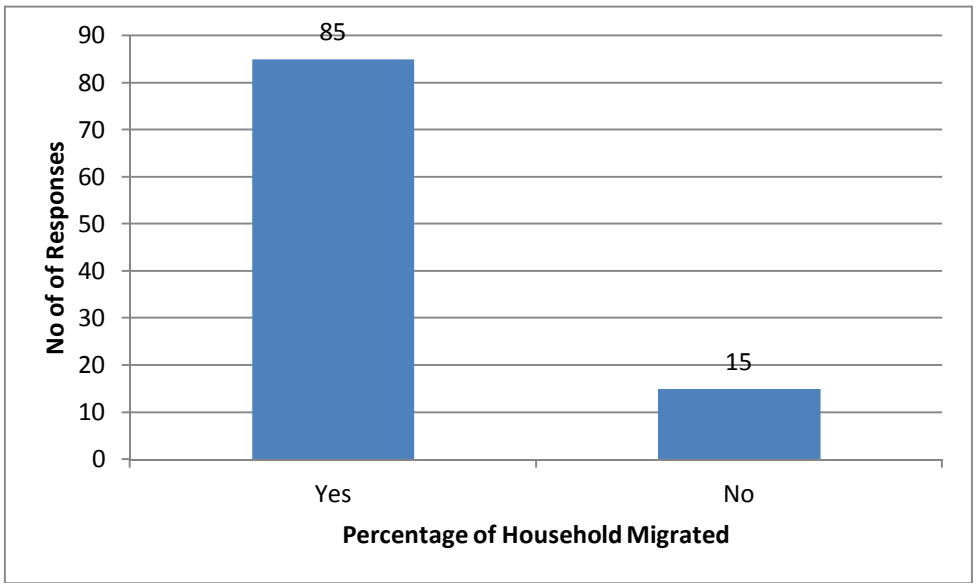



**Figure 4.3: Distribution of the Respondents by any member of Household Migrated.**

Source: Field Survey, 2013

Again, remittances contribute to the welfare and improved livelihood of the receiving household be it in terms of basic necessities such as food, clothing, or better health and education; thereby building human and social capital or to a smaller extent in terms of savings or business investments (Sander, 2003).

#### 4.3.1.3 Destination of migrants

Table 4.6 shows the distribution of respondents by places of destination. The result shows that most of the migrants move to Abuja (10.7 percent), Zaria (9.4 percent) and Ibadan with the least percent of 0.5. Others specify possibly means those that have migrated outside the country. This clearly showed that migrant migrate to places in search of job opportunities or education.

**Table 4.6: Distribution of the Respondents by Destination of Migrants**

| Place of Migration | Frequency | Percentage |
|---|---|---|
| Abeokuta | 4 | 1.0 |
| Umuohia | 4 | 1.0 |
| Abuja | 41 | 10.7 |
| Maiduguri | 4 | 1..0 |
| Enugu | 2 | 0.5 |
| Ibadan | 2 | 0.5 |
| Kaduna | 28 | 7.3 |
| Kano | 26 | 6.8 |
| Malunfashi | 4 | 1.0 |
| Kaba | 4 | 1.0 |
| Lagos | 38 | 10 |
| Lokoja | 18 | 4.7 |
| Lafia | 4 | 1.0 |
| Warri | 2 | 0.5 |
| Rivers | 5 | 1.3 |
| Zaria | 36 | 9.4 |
| Others specify | 8 | 2.1 |
| **Total** | **382** | **100.0** |

Source: Field Survey, 2013.

According to DFID (2006), the main destination of remittances to Nigeria is Lagos, which receives about 60% of the flows, followed by Abuja with 15%. However, they are not necessarily the final destination of the funds. It is common for beneficiaries from smaller towns and villages to come to large cities to collect remittances. Estimate of remittances to rural areas as opposed to urban centres has not been given; increased rural out-migration presupposes that a substantial remittance flows to the rural areas.

#### 4.3.1.4 Regularity of Remittances Received

Table 4.7 shows the distribution of respondents by how often they receive remittances. The result shows that most of the respondents (39.8 percent) received remittances once quarterly, those that remittances once in a month are 36.2 percent and those that get support once in a year with the least percent of 24.1. This clearly showed that migrants always deployed their

remittances as much as possible irrespective of their location in the country or outside the country.

**Table 4.7: Distribution of the Respondents by regularity of Remittances Received**

| Regularity of remittances received | Frequency | Percentage |
|---|---|---|
| Once in a month | 138 | 36.2 |
| Once quarterly | 152 | 39.8 |
| Once in a year | 92 | 24.1 |
| **Total** | **382** | **100.0** |

Source: Source Field Survey, 2013.

Once abroad, migrants send remittances to their households back home in order to ensure their basic necessities are met. Remittances may be made on a regular basis and/or sporadically in the event of emergencies or special events by using both formal channels such as banks or remittance agencies and informal channels, such as the personal transport of items by the migrants themselves or migrating friends and relatives.

#### 4.3.1.5 Age of Migrants at the time of Migration

Table 4.8, shows that majority of the migrants (74.7 percent) are within the age group of 21-30 years, followed by the age group of 31-35 years with 18.1 percent and the least percent (7.1) for age 16-20 years. The data shows that most of the migrants are within the active age group of 21-30 years (74.7 percent).

**Table 4.8: Distribution of the Respondents by Age of Migrants at the time of migration**

| Age of Migrants | Frequency | Percentage |
|---|---|---|
| 16-20 | 27 | 7.1 |
| 21-25 | 196 | 51.4 |
| 26-30 | 90 | 23.3 |
| 31-35 | 69 | 18.1 |
| **Total** | **382** | **100.0** |

Source: Field Survey, 2013

This result indicates that majority of the migrants are young. The implication is that young migrants have the strength and capacities of accepting risks associated with such population movement. This is expected as it is generally known that young people tend to migrate than older people.

#### 4.3.1.6 Causes of Migration

In Table 4.9, the causes of migration by the respondents shows that economic condition accounted for 48.2 percentage, employment opportunity 28.8 percent, and poor standard of living account for only 1.3 percent.

**Table 4.9: Distribution of Respondents by causes of migration**

| Causes of migration | Frequency | Percentage |
|---|---|---|
| Economic condition | 184 | 48.2 |
| Employment opportunity | 5 | 28.8 |
| Further studies in abroad | 51 | 13.4 |
| Political and communal crises | 110 | 1.3 |
| Lack of opportunity | 27 | 7.1 |
| Poor standard of living | 5 | 1.3 |
| **Total** | **382** | **100.0** |

Source: Field Survey, 2013.

Migrants have tendencies to contribute to poverty reduction just as they are susceptible to poverty (Moser, 1996). The relative effect of migration on poverty varies by level of development of the area under consideration. The major causes of rural-urban migration is identified as; search for better wages, education, political and social stability, better technologies, employment and business opportunities. Others are poverty, unemployment, crop failures and famine, inadequate social amenities and facilities in the rural areas such as pipe borne water, electricity, good roads, hospitals, schools, vocational centres. In some part of the world and under certain conditions, poverty may be the main cause of out migration whereas in the other part, under different conditions the poor will be among the last to move. Migration is also

selective in terms of age, sex, level of education and marital status. Male categories migrate more than their female counterparts (Nwajiuba*et al*., 2009; Ejiogu, 2009). In Nigeria people especially youth migrate to other African countries and within Nigeria (Onyeneke, 2005). Some of them choose to migrate based on proper consideration of the costs and benefits of migrating, but most youths are induced by circumstances in the rural area as well as employment. The effect of out-migration on the rural areas is mixed, as potentially productive labour is drawn away from the village which hinders households' abilities to make the fullest use of the productive resources such as land. It also leads to labour scarcity (Onyeneke, 2005). The rural area supplies the bulk of the food needed for growth and poverty reduction, yet the rural area is most vulnerable poverty with greater proportion of their population moving out on annual basis. This movement has led to shortage of farm labour, decrease in food production, reduced income, increased poverty and vicious cycle of poverty in rural Nigeria.

## 4.4 Effects of Migration

This section discusses migrant's effect in the household and the community contribution

### 4.4.1 Migrants Effect on Household

The distribution of respondents in Figure 4.4 "either the migrants has any effect in the household" shows that 79.0 percent agreed that there is effect in the household while 21.0 percent did not. This shows that majority of the migrants have affected the household either positively or negatively.

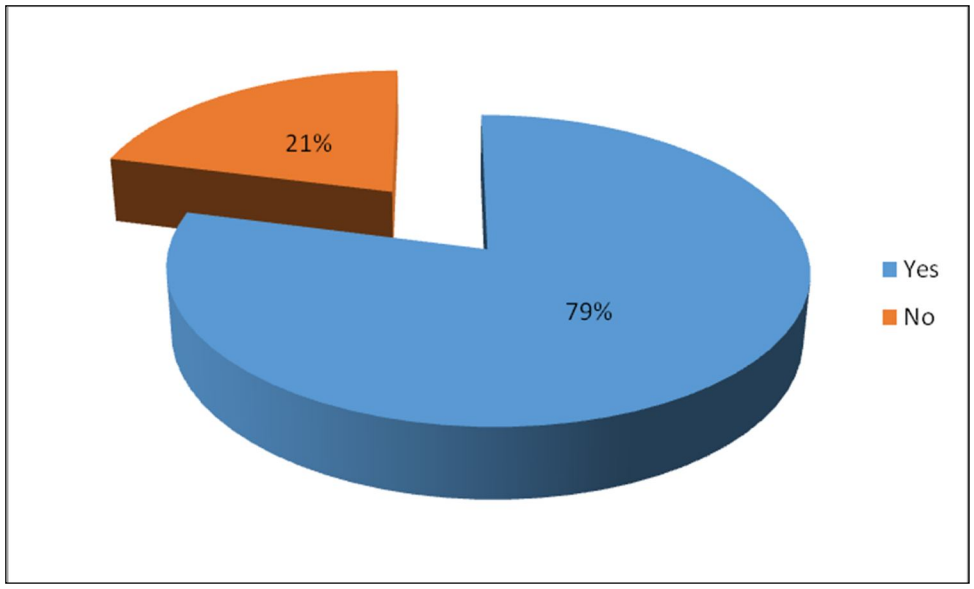



**Figure 4.4 Distribution on whether Migration Has Effect on Households.**

Source: Field Survey, 2013

### 4.4.2 Effect of Migrants Absence on Household

Figure 4.5 reveals the effects of migrants absence on households. Majority of respondents 52.3 percent said migrants absence was felt in farm activities, 26.6 percent was felt in general sanitation and 21.2 percent was felt in washing of clothes.. In regard to the absence effect of the migrants in the household, it is seen that the people major concern is on immediate needs that will be of benefit to them.

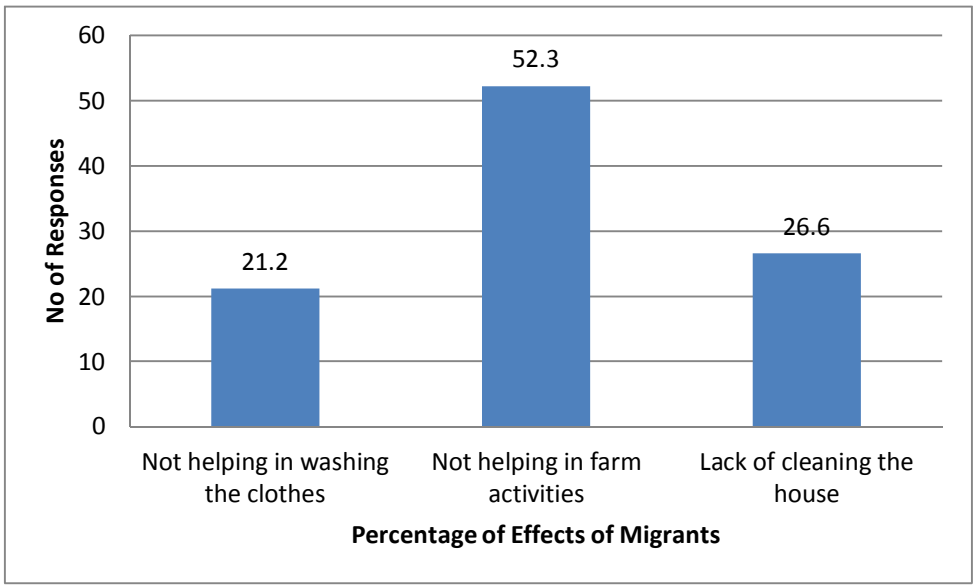



**Figure 4.5: Distribution of Respondents by Effects of Migrants Absence on Households.**
Source: Field Survey, 2013

### 4.4.3 Form of Assistance from the Migrants

The distribution of respondents by form of assistance from the migrants in Figure 4.6 shows that, 76 percent confirmed that the form of assistance they received is in monetary form while the non-monetary form account for 24 percents.

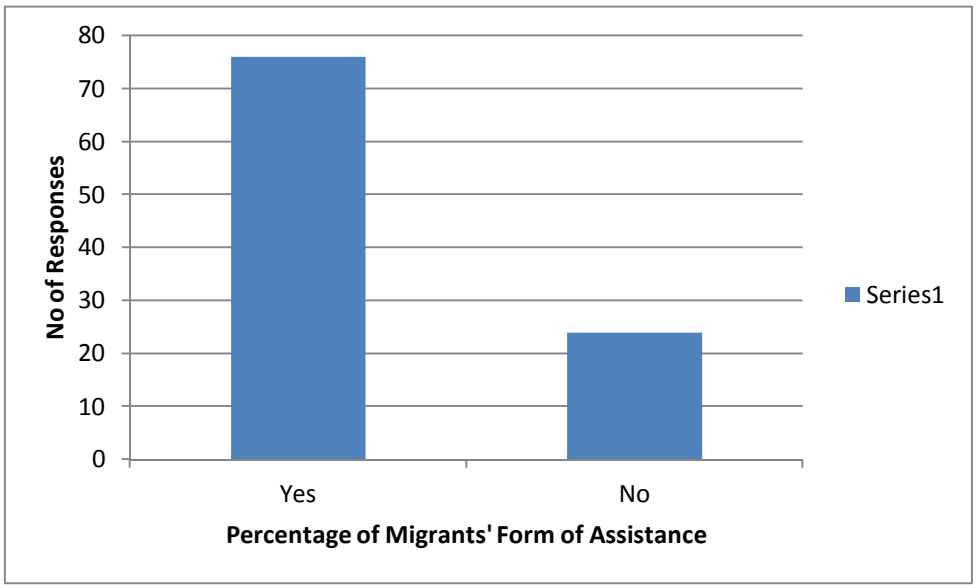



**Figure 4.6: Distribution by Form of Assistance Received from Migrants.**

Source: Field Survey, 2013

Remittances contribute to economic growth and to the livelihoods of people worldwide. Moreover, remittance can also promote access to financial services for the sender and recipient, thereby increasing financial and social inclusion. Remittances also foster, in the receiving countries, a further economic dependence on the global economy instead of building sustainable, local economies (Englama, 2009).

### 4.4.4 Ways by which household receive remittances.

The major channel in which household receive remittances from migrants is through bank with 71.0 percent, followed by the coming of friends home 23.3 percent, and remittances brought by the migrants has the least with 2.0 percent in Table 4.10. This shows that most migrants prefer to send remittances through bank account than any other means**.**

**Table 4.10: Distribution by ways Household Receive Remittances**

| Ways of receiving remittances | Frequency | Percentage |
|---|---|---|
| Through bank | 271 | 71.0 |
| Through friends coming home | 89 | 23.3 |
| Through relatives coming home | 14 | 3.7 |
| Remittance brought by migrant | 8 | 2.0 |
| **Total** | **382** | **100.0** |

Source: Field Survey, 2013.

Indeed, the need to remit to the countryside and villages may increase with urbanization. Relatively high urban incomes support the ability to remit. The same benefit of stimulated economic growth via remittances is also likely to apply as they help overcome inadequacies in the financial infrastructure in rural areas. Indeed, remittances could promote the development of financial infrastructure as banks and other financial institutions are attracted to the country- side by the remitted funds.

### 4.4.5 Non-monetary Remittances

Table 4.11 shows the non- monetary remittances.

**Table 4.11: Distribution of the Respondents by Non-monetary Remittances received annually**

| Non-monetary remittances received | Frequency | Percentage |
|---|---|---|
| Educational materials | 24 | 6.3 |
| Food stuffs | 106 | 27.7 |
| Clothes | 83 | 21.7 |
| Drugs | 6 | 1.5 |
| Farms tools | 143 | 37.4 |
| Others specify | 20 | 5.2 |
| **Total** | **382** | **100.0** |

Source: Field Survey, 2013.

The result reveals that majority of respondents (37.4 percent) received farm tools from the migrants, followed by food stuffs (27.7 percent) while 1.5 percent of the respondents

received drugs. Pant (2008) argues that, whether remittances are utilized for consumption or purchasing houses, or other investments, they produce positive effect on the economy by stimulating demand for other goods and services. Migrants provide different forms of capital that have developmental effect on their places of origin. These effects may be in the form of financial, social, cultural, political and/or economic effects. The effects can be examined at both micro level, like in case of households, and macro level like effect on GDP growth, poverty and development.

### 4.4.6 Amount of remittances received

Table 4.12 presents findings on the amount of remittances received from the migrants. The result reveals that majority of respondents (44.8 percent) received between ₦20,000-₦30,000, followed by those who received ₦30,000 - ₦ 40,000 with 38.2 percent while 4.2 perce nt of the respondents received ₦50,000 and above.

**Table 4.12: Distribution of the Respondents by amount of Remittances received annually**

| amount of remittances received annually | Frequency | Percentage |
|---|---|---|
| <₦20,000 | 21 | 5.5 |
| ₦20,000 - ₦30,000 | 171 | 44.8 |
| ₦30,000 - ₦40,000 | 146 | 38.2 |
| ₦40,000 - ₦50,000 | 28 | 7.3 |
| ₦50,000 and above | 16 | 4.2 |
| **Total** | **382** | **100.0** |

Source: Field Survey, 2013.

Income is another major determinant of welfare. The Keynesian consumption function and the permanent income hypothesis of Friedman postulate a positive relationship between welfare (consumption) and income. According to the permanent income hypothesis, which distinguishes between permanent and transitory components of income, households will spend mainly the permanent income. The transitory income is channelled into savings with a marginal

propensity to save from this income approaching unity. The positive relationship postulated by Keynes and Friedman's permanent income hypothesis has been confirmed by empirical studies (Rossi, 1988; Gupta, 1987; Koskela and Viren, 1982; Avery and Kannickel, 1991).

The volume of remittances reported officially soared, in part due to increased migrants' interests in sending more money home and in part due to improved reporting system. Of the regions in the world, Latin America and the Caribbean remained the highest recipient, while remittances to Europe (accounted for by France) and Central Asia registered the highest growth rate in 2007 (World Bank 2007). In reality the official reports of remittances are always underestimated, because migrants also use unofficial channels to send money home, and these sums are not recorded.

### 4.4.7 Remittances and Household size

Remittances are not equally distributed base on the number of people in the household Table 4.14 reveals that 30.1 percent of the respondents indicate that7-8 people benefit from the

**Figure 4.14: Distribution of the Respondents by number of household benefits from the Remittance**

| Number of household benefit from the remittances | Frequency | Percentage |
|---|---|---|
| | | |
| 1-2 people | 99 | 25.9 |
| 3-4 people | 73 | 19.1 |
| 5-6 people | 73 | 19.1 |
| 7-8 people | 115 | 30.1 |
| 9-10 people | 22 | 5.8 |
| **Total** | **382** | **100** |

Source: Field Survey, 2013.

deployment of remittances, followed by 1-2 people with 25.9 percent while 9-10 people constitute 5.8 percent. Majority of the people that benefits from the deployment of remittances falls between 7-8 people with 30.1 percent in the study area. The majority of the existing studies, which focus on the impact of migration on household members left behind, have shown positive

impact in both the short run and long run. Rapoport and Docquier (2006) show how the household members who are left behind, use migrants' remittances. Remittances are used to repay loans taken to finance migration or education, and insurance and strategic motives. It also directly contributes to household income, allowing households to purchase more assets; enables higher investment in business; and facilitate buying more goods, including education and health inputs.

### 4.4.8 Benefit of remittances

Figure 4.7 presents findings on the question "whether remittance has benefited the family or not" The result reveals that majority of respondents (76.4 percent) acknowledged benefit of remittances while 23.6 percent did not.

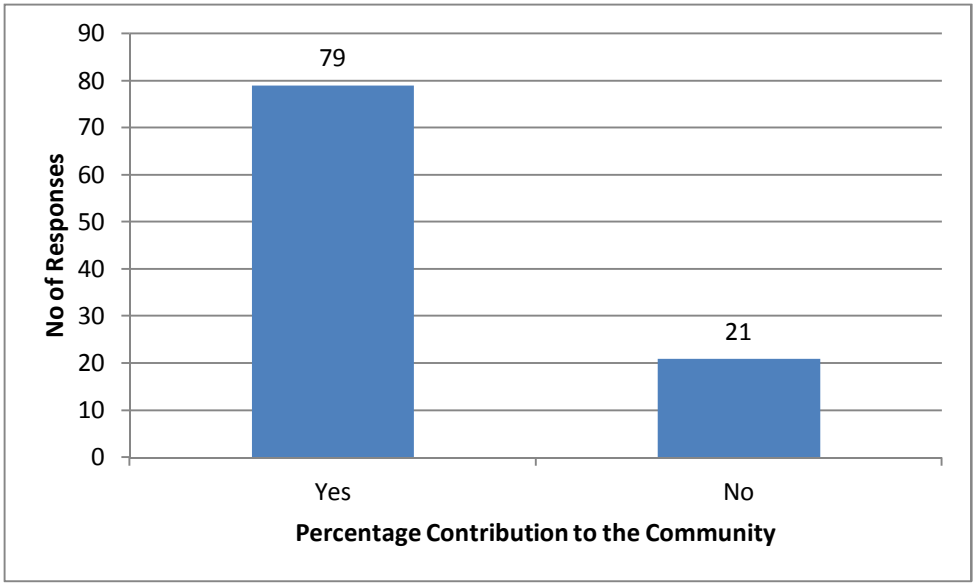



**Figure 4.7: Distribution of the Respondents by either remittance has benefited the family or Not.**
Source: Field Survey, 2013

According to Chuckwuone (2001) remittances impact growth in the following three ways:

(i) By affecting the rate of capital accumulation. Remittances not only increase the rate of accumulation of both physical and human capital, but also lower the cost of capital in the recipient country. Thus, additional borrowing may increase and lead to greater indebtedness. They may also have a role in stabilizing the economy or reducing volatility, and hence in reducing the risk premium that investors demand.

(ii) By affecting labour force growth. Remittance receipts have a negative impact on labour force participation by substituting remittance income for labour income – and by creating more leisure, with the performance of less work.

(iii) By affecting total factor productivity growth. Remittances impact the efficiency of investment, depending on who is making the investment decision (Barajas *et al*. 2009). If the recipient makes the decision on behalf of the remitter, it is likely that the decision is not as efficient as one made by a skilled domestic financial intermediary in the case of formal capital inflow.

Remittances may result in greater financial development. But they can also result in exchange rate changes – inflow of funds can result in 'the Dutch disease', i.e. currency appreciation and thus lower exports. Barajas *et al* (2009) examine the impact of remittances on growth in 84 recipient countries, based on annual observations in the period 1970-2004. They use the following instruments: for the ratio of remittances to the GDP of all other recipient countries, which captures the effects of global reductions in transaction costs and other macroeconomic determinants of remittances. In most cases, remittances have a negative sign and, in others, there is no robust relationship between remittances and economic growth. Chami,

Fullenkamp and Jahjah's model (2005) shows that remittances are compensatory in nature, rising with the level of altruism, and falling as the recipient's wage in the high output stage rises, given a negative relationship between the recipient's income and the level of remittances.

### 4.4.9 Ways in which remittances are used

The distribution of respondents by ways in which remittances are been utilized shows that purchase of farm implements accounted for 54.9 percent, cartering for immediate family needs accounted for 24.3 and the least is medical treatment with only 1.3 percent (Table 4.14).

**Table 4.14: Distribution of Respondents by Ways in which remittances are used**

| Ways of remittances used | Frequency | Percentage |
|---|---|---|
| To purchase farm implements | 251 | 54.9 |
| To carter for immediate household needs | 93 | 24.3 |
| For medical treatment | 5 | 1.3 |
| To engage in petty trading | 21 | 5.5 |
| For education | 12 | 3.1 |
| Others specify | 41 | 10.7 |
| **Total** | **382** | **100.0** |

Source: Field Survey, 2013.

The used of remittances is majorly on farming activities due to the rural nature of the study area so as to make a living. Thus, evidence suggests that remittances from abroad are crucial to the survival of communities in many developing countries as indicated in a World Bank Country Analyses report by Russell *et al* (1990). One benefit expected from labour emigration was that migrants would be bringing an impetus to investments, transfer of technology and machinery and new enterprises. Thus, Russell *et al* (1990) concluded that after satisfying subsistence needs, migrant remittances are used for investment purposes such as education, livestock, farming, and small scale enterprise. Taylor (1996) has also argued that remittances have multiplier effects that work to increase national income. In a study on Senegal, Diatta and Mbow (1999) found that remittances were a substantial source of revenue for families

with migrant members and were also used to promote development in migrants' home communities. This is also collaborate with studies of Olowa and Adebayo (2012) that about 73.4 per cent of households in rural Nigeria were engaged in farming activities as the major sources of income for the rural household heads.

Earlier studies (Glewwe, 1991; Grootaert, 1997; Teal, 2001; Tunali, 2000; Ravallion, 2001; Litchfield and Waddington, 2003) on remittances and welfare have identified six broad categories of variables to explain household welfare or poverty. Following these earlier studies, it is postulated that household welfare is influenced by the following: First, migrant remittances, that is, access to foreign inflows or transfers, tend to supplement domestic resources and help smoothen consumption. However, the ways remittances are used may vary with respect to the economic status of the migrants' households. Richer households are expected to invest the remitted earnings on various forms of enterprises (either productive or unproductive), while poorer households are expected to give priority to satisfying their basic consumption needs. Thus, private remittances would be an important decision parameter for household consumption.

### 4.4.10 Migrant Contribution to Community Development

Figure 4.8 presents findings on the question "either migrant has contributed to the community development or not" The result reveals that majority of respondents (79percent) acknowledged the contribution of migrant to the community development while 21percent did not.

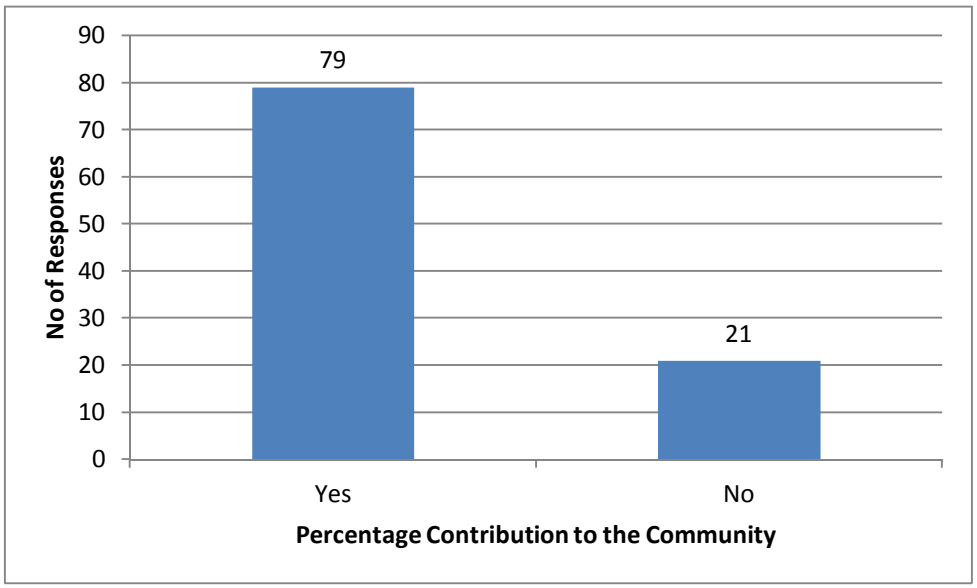



**Figure 4.8: Percentage distribution by either Migrant has Contributed to Community Development or not**

Source: Field Survey, 2013

### 4.4.11 Ways in which migrant contribute to the community development

Figure 4.9 shows the distribution of migrant's contribution to the community development, it shows that 41percent of the migrants contributes towards the development of agricultural facilities, 39percenttends to contribute towards to the development of educational facilities and 20 percent of the migrants' contribution goes to the development of social amenities.

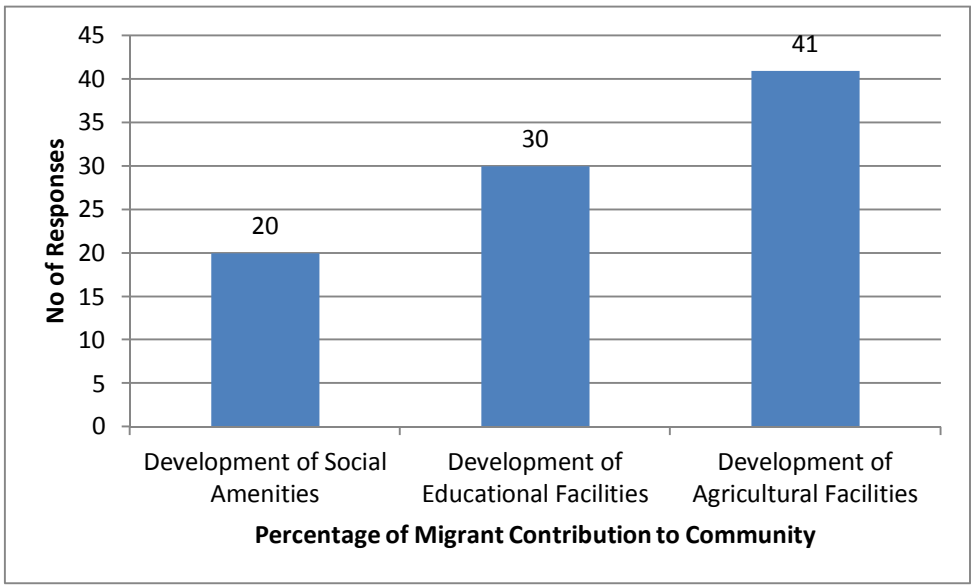



**Figure 4.9: Distribution of the Respondents by Migrants Contribution to Community Development**

Source: Field Survey, 2013.

Migrant remittances also serve as a source of income for savings and investment, as confirmed by Taylor (1996), and thereby lead to growth and development of an economy. This is corroborated in a study on Mali by Findley and Sow (1998), who report that remittances not only covered basic food and cash needs but also allowed people to pay for irrigation in agriculture. Recent work in Somaliland has highlighted investment of remittances in production even in highly unfavourable economic and political conditions (Ahmed, 2000)

### 4.4.12 Improvement of standard of living by remittances

The distribution of respondents by either remittances have improved the standard of living or not in Figure 4.10 shows that, 79 percent confirmed that remittances has actually improved the standard of living while 21 did not.

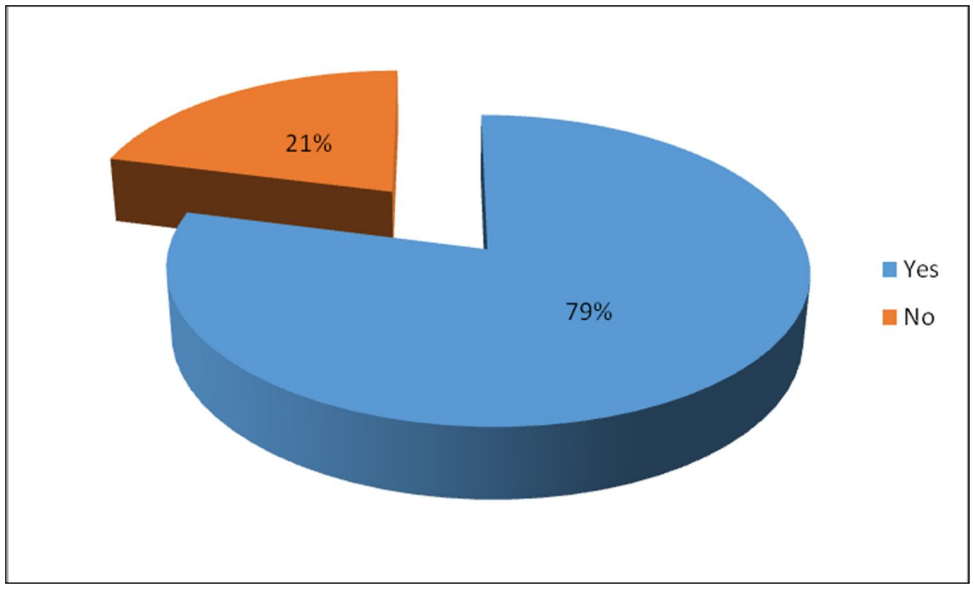



**Figure 4.10: Distribution of Respondents by either remittances have improved the standard of living or not.**

Source: Field Survey, 2013

### 4.4.13 Ways migrant have promoted the standard of living

The distribution of respondents by ways migrant have promoted the standard of living in Table 4.15 shows that, 19.8 percent send money for food, 18.3 percent of money go to education, 9.9 percent for trading and the least percent (1.8) goes for advice.

**Table 4.15: Distribution of Respondents by ways migrants have improved the standard of living**

| Ways Migrants have improved the standard of living | Frequency | Percentage |
|---|---|---|
| Support for clothing | 54 | 14.1 |
| Support for trading | 38 | 9.9 |
| Support for food | 76 | 19.8 |
| Support for education | 70 | 18.3 |
| Support in settling debt | 20 | 5.2 |
| Giving Advice | 07 | 1.8 |
| Support in settling hospital bills | 32 | 8.7 |
| Support in hiring of labour | 60 | 15.7 |
| Others specify | 25 | 6.5 |
| **Total** | **382** | **100.0** |

Source: Field Survey, 2013.

On a general term despite the ever increasing size of remittances, both domestic and foreign, there has been little effort to analyze its effect on economic development especially on poverty in rural Nigeria. Adams, (2005) observes that little attention has been paid to examining the economic impact of these transfers on households in developing countries despite the ever increasing size of official foreign remittances. In fact, notwithstanding that remittance has been implicated as a vital source of income with crucial income smoothening effect and contribution to improved standard of living, its effect in rural Nigeria is not known. Thus because of the increasing level of remittances and increasing incidence of poverty across regions in rural Nigeria, poor understanding of the impact of remittances in Nigeria's economic and national development have been engendered.

# CHAPTER FIVE

# SUMMARY, CONCLUSION AND RECOMMENDATIONS

## 5.1 Summary of findings

The main goal of this study is to investigate the effect of remittances on the livelihood of household in Okene Local Government Area. The results show that remittances do positively impact the economic growth and community development in the area. It was found that 85 percent of the household have one or two member(s) who has migrated to the city of urban centre and majority of the migrants (11.8 percent) are in Abuja. Most of the migrant deploy their remittances quarterly (39.8 percent) and they are between the ages of 21-30 years (74.7 percent). According to Gupta *et al*. (2007), remittances are neither a panacea nor a substitute for a sustained and domestically engineered development endeavour for curing the problems of low-income countries.

Furthermore, about 79percent of the respondents received monetary assistance from the migrants and this monetary remittance majorly comes through bank account (71 percent). Farm tools accounted 37.4 percent in the non-monetary remittances by the migrant. In addition, the results show that majority of respondents (44.8percent) received the amount of ₦20,000 - ₦30,000 from the migrants due to the fact that most of them only finished secondary school (42.1 percent). It was found that migrant remittances improve household welfare and the flow of such remittances increases in times of economic shocks, hence they are counter-cyclical. Thus the remittances help to minimize economic shocks that reduce household welfare, particularly for food crop farmers. Purchase of farm implements accounted for 65.7 percent as benefit of remittances use by the household. Migrant contribution to the community development accounted for 79 percent most especially in the development of agricultural facilities. Migrant's

improvement in the standard of living account for 79 percent since 19.8 percent send money for food. Economic condition (48.2 percent) is the major cause of migration by the migrants.

## 5.2 CONCLUSION

Increase marital status and formal education attainment can force severe poverty and rural to urban migration among the households in the area. It seems rural-urban migration has positive effect on the migrants but it could also have some consequences on both migrants and non-migrants in the area. There is considerable increase in inflows of migrant remittances to Okene LGA and these remittances have not only improved household standard of living but have become an important source of income for consumption smoothing in Okene LGA. Since remittances are largely private household activities, governments may find it difficult to regulate how recipients use these remittances. Nevertheless, government programs that guide families of migrant workers in maximizing the benefits of remittances maybe helpful in enabling families to utilize the remittances they receive positively.

## 5.3 RECOMMENDATIONS

i. The need for qualitative functional education cannot be overemphasized. Good education is expected to develop marketable and functional skills in the people and thus prepare them for the world of work. Related to this is the need to construct and equip educational institutions in the rural areas. This can help in stemming the tide of rural out migration.

ii. Farmers should on their own form cooperative societies so as to achieve common felt needs through pooling their resources together so as to withstand poverty.

iii. Agricultural support services of the three tier of government should be stepped up to enable all those who are engaged in agricultural to profit by it.

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APPENDIX A

DEPARTMENT OF GEORAPHY

AHMADU BELLO UNIVERSITY

Dear Respondent,

I am an M.Sc student of Ahmadu Bello University Zaria, Geography Department. I am presently carrying out a research on Impacts of Migrants Remittance on the livelihood of household in Okene L.G.A. Any information given will be treated as confidential. Thanks you.

Researcher.

Please provide information or tick in the appropriate boxes to the following questions.

**SECTION A: DEMOGRAPHIC AND SOCIO-ECONOMIC CHARACTERISTIC**.

1. Sex of respondents

(a) Male [ ] (b) Female [ ]

2. Age of respondents

(a) <15[ ] (b) 15-19[ ] (c) 20-24[ ] (d) 25-29[ ] (e) 30-34[ ] (f) 35-39 [ ] (g) 40-44[ ] (h) 45-49[ ] (i) 50-54[ ] (j) 55-59[ ] (k) 60> [ ]

3. What is your Level of Education?

(a) Primary [ ] (b) Secondary [ ] (c) Tertiary [ ] (d) others [ ] (e) None [ ]

4. Occupation of respondents

(a)Farming [ ] (b)Civil Servant [ ] (c)Business [ ] (d)Professional [ ] (e)Student [ ] (f)Unskilled labour[ ] (g)Unemployed (h)others……..

5. How much income do you earn per month? (a)<₦5, 000.00[ ] (b) ₦ 5,000.00-10,000.00[ ] (c) ₦11,000.00-15,000.00 [ ] (d) ₦16,000.00-20,000.00 [ ] (e) ₦21,000.00-25,000.00[ ] (f) ₦ 26,000.00-30,000.00[ ] (g) ₦ 30,000.00

6. What is your Marital Status?

(a) Married [ ] (b) Single [ ] (c) Divorced [ ] (d) Separated [ ] (e) Widowed [ ]

7. What is your household size?

(a) 1-2[ ] (b) 3-4[ ] (c) 5-6[ ] (d) 7-8[ ] (e) 9-10[ ] (f)11 and above

**SECTION B: MIGRATION AND ITS IMPACTS**

1. Do you have any member of your household who has migrated out of the community?

(a) Yes [ ] (b) No [ ]

2. If yes, what is the person's educational background education?

(a) Primary [ ] (b) Secondary [ ] (c) Tertiary [ ] (d) others [ ] (e) None [ ]

3. Where did the person migrate to?

(a) In Nigeria [ ] (b)Outside Nigeria [ ] (c)Please kindly name the place…….

4. If in Nigeria, where?

(a) Urban (b) Rural

5. Does the migrant regularly come home?

(a) Yes [ ] (b) No [ ]

6. What is the age group that is most likely to migrate?

(a) 15-20yrs [ ] (b) 21-25yrs [ ] (c) 26-30yrs [ ] (d) 31-35yrs [ ] (e) 35yrs >

7. Have the migrants absence affected the household?

(a) Yes [ ] (b) No [ ]

8. If yes, in what way? Specify comment:.....

9. In what form do you get assistance from the migrant?

(a) Monetary [ ] (b) Non-monetary [ ]

10. How do you receive remittances from the migrants?

(a) Through bank account [ ] (b) Through friends coming home [ ] (c) Through relative coming home [ ] (d) Remittance brought home by migrant [ ]

10. What is the amount of remittance received annually?

(a) ₦20, 000.00- ₦ 30,000.00 [ ] (b) ₦ 30,000.00-40,000.00[ ] (c) ₦40, 000.00-50,000.00 [ ] (d) ₦50, 000.00>

11. What are the non monetary remittances received annually?

(a) Educational Material [ ] (b) Food stuffs [ ] (c) Clothes [ ] (d) Drugs [ ] (e) Farm tools [ ]

12. How regular do you receive remittances?

(a) Once in a month [ ] (b) Once quarterly [ ] (c) Once in a year [ ] (d) Others specify……..

13. How many member of the household has benefited from the remittance from the migrant?

(a) 1-2people [ ] (b) 3-4people [ ] (c) 5-6people [ ] (d) 7-8people [ ] (e) 9-10people[ ](f)11people or more.

14. Has remittance received assisted you and your family?

(a) Yes [ ] (b) No [ ]

15. If yes, in what way?

(a) To purchase farm implement [ ] (b) To cater for immediate household need [ ] (c) Medical Treatment [ ] (d) Engage in petty trading [ ] (e)Educating other member of the family

16. Has the migrant contributed to the community development?

(a) Yes [ ] (b) No [ ]

17. If yes, in what ways?

(a) Development of social amenities [ ] (b) Development of Educational facilities [ ](c) Agricultural facilities [ ] (d) others specify please [ ]

18. Do you think remittance from migrant has raised the standard of living among the households?

(a) Yes [ ] (b) No [ ]

19. If Yes or No, please comment:

……

……

20. Do you think rural-out migration is good?

(a) Yes [ ] (b) No [ ]

21. If Yes or No, please comment:

……

……

22. What are the causes of migration?

(a) Political [ ] (b) Communal [ ] (c) Natural Disasters [ ] (d) Religious unrest [ ] (e) Others specify…