

# HEALTH WORKERS MIGRATION, REMITTANCES INFLOW, AND THE NIGERIAN ECONOMY: A CURSE OR A BLESSING?



## Table of Contents

List of Abbreviations.....	2
Introduction .....	3
Methodology .....	3
Diaspora remittances and government effort towards harnessing its potential	3
Conclusion.....	9

## List of Abbreviations

GDP	Gross Domestic Product
CBN	Central Bank of Nigeria
CHEWS	Community Health Extension Workers.
DB	Diaspora Bond
HADM&SD	Humanitarian Affairs Disaster Management and Social Development
IOM	International Organization for Migration
MTEF & FSP	Medium-Term Expenditure Framework and Fiscal Strategy Paper
NIDO	Nigerians Diaspora Organization
NNVS	Nigerian National Volunteer Service
SDGs	Sustainable Development Goals
UK	United Kingdom
USA	United State of America

## Introduction

In several countries, money transfers from citizens working abroad are a life time for development. Migrant remittances occur when citizens living in the diaspora send part of their earnings in the form of either cash or goods to support their families, a practice also known as workers' remittances.<sup>1</sup> Globally, remittances have been experiencing rapid growth in recent years and now represent the largest source of foreign income for many developing economies. In 2020, the global remittance market size was valued at \$701.93 billion and is projected to reach \$1,227.22 billion by 2030.<sup>2</sup> As citizens continue to migrate in search of greener pastures, there have been significant concerns about able-bodied individuals leaving various sectors such as education, information technology, real estate, law, banking, engineering, and especially the healthcare sector, which has witnessed a significant exodus of doctors, nurses, community health extension workers (CHEWs), pharmacists, and lab scientists in recent years. While many people believe that this is beneficial for the economy and that the country has an ample supply of healthcare workers to manage the healthcare system, others argue that a developing country like Nigeria needs to make every effort to retain its trained healthcare workers, given the rising population and existing gaps in the human resources for healthcare across the country. In this context, this research seeks to test the hypothesis of whether the migration of healthcare workers leads to a corresponding increase in remittance inflow into Nigeria, or, to put it differently, whether the migration of these workers, including healthcare professionals, is a blessing or a curse for Nigeria.

## Methodology

The research employed both quantitative and qualitative methods for this analysis, utilizing existing primary and secondary sources. The data for this research were sourced from various outlets, including newspaper articles, reports, and commentaries; official government and international institution reports; policy documents; academic papers; and studies conducted by independent researchers. Therefore, the central question of whether the migration of workers, including healthcare professionals, is a blessing or a curse to Nigeria remains at the forefront.

## Diaspora remittances and government effort towards harnessing its potential

In 2008, the International Organization for Migration (IOM) defined the term 'diaspora' as members of ethnic and national communities who have left their homeland but maintain links with it. In line with Nigeria's legal frameworks and national development goals, the Nigeria National Diaspora Policy defines 'diaspora' as Nigerians who live and work abroad while maintaining links with their home country and contributing to its socio-economic, political, technological, and industrial development. Hajia Sadiya Umar Farouq, the Minister for Humanitarian Affairs, Disaster Management, and Social Development, estimated that over 17 million Nigerians live in the diaspora,<sup>3</sup> with millions residing in the Americas, particularly in the United States of America and Canada, and a significant number in Europe, with the United

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<sup>1</sup> <https://www.imf.org/external/pubs/ft/fandd/basics/pdf/ratha-remittances.pdf>

<sup>2</sup> <https://www.alliedmarketresearch.com/remittance-market#:~:text=The%20global%20remittance%20market%20size%20was%20valued%20at,another%20person%20via%20electronic%20payments%2C%20drafts%2C%20and%20check.>

<sup>3</sup> [17 million Nigerians living abroad, says government | The Guardian Nigeria News - Nigeria and World News — Nigeria — The Guardian Nigeria News — Nigeria and World News](#)

Kingdom being a preferred destination. Nigerians in the Diaspora are dispersed globally, including in Africa, Asia, Oceania, and the Middle East.<sup>4</sup>

Given this demographic, the federal government of Nigeria has made several efforts to harness the potential of the diaspora. In 2001, the Nigerians Diaspora Organization (NIDO) was established to serve as an umbrella for 16 diaspora organizations, providing a platform for Nigerians abroad to participate in national development processes. The organization has branches in five continents: Europe, America, Asia, Africa, and Oceania. Additionally, various professional groups in the diaspora, such as medical professionals, lecturers, faith groups, and ethnic associations, have also formed numerous diaspora associations.

To expedite the engagement of Nigerians in the diaspora in national development, the Nigerian National Volunteer Service (NNVS) was established in 2003. This effort was expanded with the establishment of the Nigerians in Diaspora Commission through the enactment of the Nigerians in Diaspora Commission (Establishment) Act, 2017. The Commission is empowered to facilitate the participation of Nigerians in the diaspora in the development of Nigeria, leveraging their human and material resources for socio-economic, cultural, and political progress.<sup>5</sup>

In the same year, the federal government of Nigeria introduced a diaspora bond to raise funds from Nigerians in the diaspora.<sup>6</sup> The Nigeria Diaspora bond was marketed as a means for Nigerians residing overseas to contribute to the nation's development by funding key capital projects.<sup>7</sup> The first-ever diaspora bond,<sup>8</sup> with a 5.625% interest rate and a five-year term, raised \$300 million and helped finance the deficit in the 2017 Appropriation Act.<sup>9</sup> The bond also offered Nigerian Diaspora the opportunity to invest in their home country. In July 2022, the federal government redeemed the diaspora bond as promised.<sup>10</sup>

In March 2021, the Central Bank of Nigeria (CBN) introduced the 'Naira 4 Dollar Scheme' for diaspora remittances.<sup>11</sup> This scheme rewards recipients of diaspora remittances in Nigeria through the Central Bank of Nigeria's International Money Transfer Operators with N5 for every \$1 received as remittance inflow and facilitates the automatic opening of domiciliary bank accounts. The scheme has been instrumental in encouraging remittances through formal channels, as recorded flows increased by a healthy 11.2% in 2021, reaching \$19.2 billion. Two months later, in May 2021, the National Diaspora Policy was launched. One of the policy's strategic objectives is to identify the potential sources of contribution to national development from Nigerians in the diaspora and develop robust and dynamic strategies to harness diaspora resources for national development. To achieve this, the government seeks to:

- Create incentives and ensure an adequate regulatory environment through its relevant organs and agencies to facilitate cost-effective, efficient, and secure channels for remittance flow.

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<sup>4</sup> National Diaspora Policy 2021, Page 18.

<sup>5</sup> [National Diaspora Policy – Nigerians in Diaspora Commission \(nidcom.gov.ng\)](https://nidcom.gov.ng)

<sup>6</sup> A diaspora bond is a bond issued by a country to its expatriates. These bonds allow developing countries in need of financing to look to expatriate in wealthy countries for support. (See <https://www.investopedia.com/articles/investing/012815/how-diaspora-bonds-work.asp>)

<sup>7</sup> [NIGERIA DIASPORA BOND - Youth Entrepreneurship - Pitos](#)

<sup>8</sup> <https://qz.com/africa/1014533/nigeria-has-raised-300-million-from-its-first-ever-diaspora-bond/>

<sup>9</sup> <https://investorsking.com/2022/07/01/diaspora-bond-nigeria-pays-300-million-debt-dmo/>

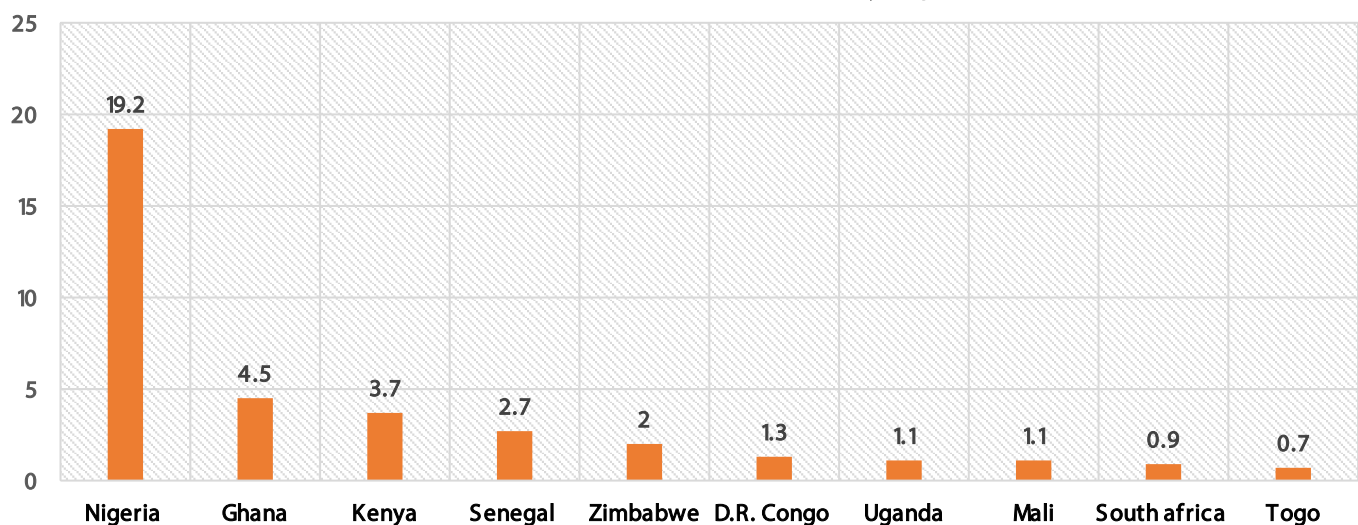
<sup>10</sup> <https://gazettengr.com/nigeria-redeemed-300-million-diaspora-bond-dmo/>

<sup>11</sup> <https://punchng.com/nigerias-diasporan-remittances-to-increase-over-rising-food-prices-others-world-bank/>

- Educate the Diaspora community about the policies that have been put in place to ensure secure and cost-effective remittance channels.
- Continue to create the necessary monetary policies that will facilitate the transfer of resources from the Diaspora to Nigeria for national development.
- Continue to give due recognition to social remittances through corporate and individual philanthropic support and community development projects by Nigerians in the Diaspora, focusing on education, health, entrepreneurship, and other social goods.
- Continue to develop systems for collating, monitoring, and assessing the formal and informal inflow of social and financial remittances.
- Work to improve the coordination of such remittances, aligning them with identified national priorities, the Sustainable Development Goals (SDGs), and socio-economic needs in the country.

The remittances from the diaspora to Nigeria are significant, making Nigeria the destination with the second-highest remittance inflow in Africa.<sup>12</sup> Nigeria receives the largest inflow of remittances in Sub-Saharan Africa and continues to dominate remittance inflows into the region due to the exceptional size of the Nigerian migrant base, estimated at 800,000 individuals concentrated in two key host countries: the United States (375,000) and the United Kingdom (220,000).<sup>13</sup> In 2021, the vast majority of remittances sent to Sub-Saharan Africa went to Nigeria, with a total value of 19.2 billion U.S. dollars, followed by Ghana with remittances amounting to roughly 4.5 billion U.S. dollars.<sup>14</sup>

**Remittances to Sub-Saharan Africa Rose in 2021, led by Nigeria (US\$ billion, 2021)**



**Source:** <https://www.statista.com/statistics/962857/remittances-to-sub-saharan-african-countries>

Despite the massive wave of remittance inflow to Nigeria, which increased from \$19.72 billion in 2010 to \$24.3 billion in 2018, reduced to \$23.8 billion in 2019, \$17.26 billion in 2020, and subsequently increased to \$19.19 billion in 2021, the 11.2% increase in remittances between 2020 and 2021 may be attributed to the early policy measures and post-COVID-19 recovery

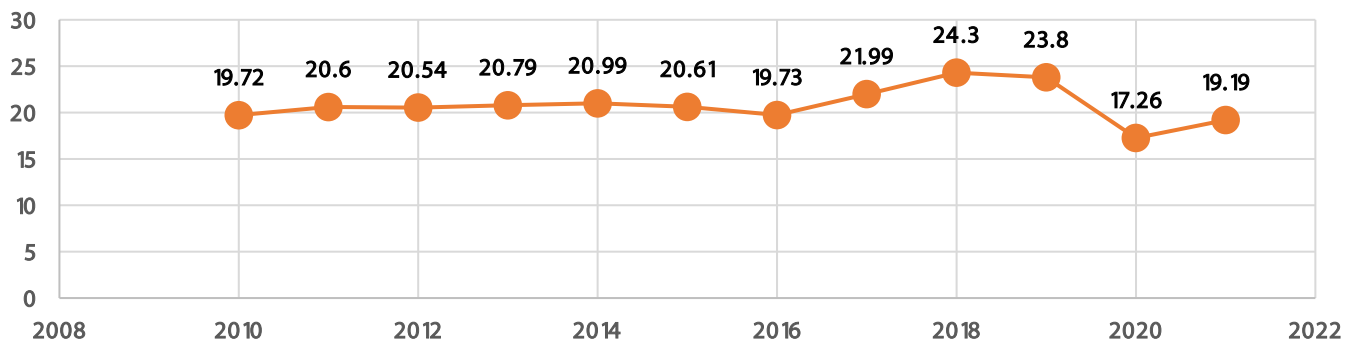
<sup>12</sup> Kalantaryan, S McMahon, S. (2020). Covid-19 and Remittances in Africa Luxembourg: Publications Office of the European Union. Page 10-11

<sup>13</sup> [Top 10 African countries projected to receive the highest remittances in 2021 | Business Insider Africa](#)

<sup>14</sup> <https://www.statista.com/statistics/962857/remittances-to-sub-saharan-african-countries/>

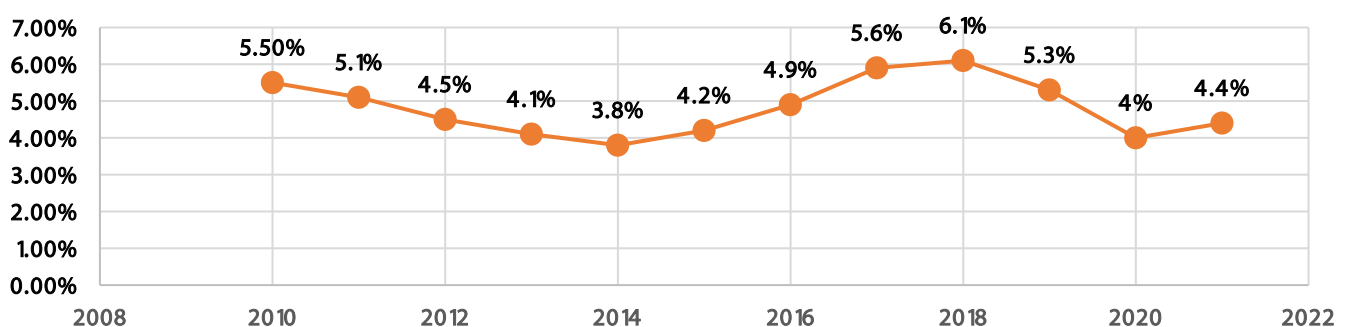
activities.<sup>15</sup> According to the World Bank, global conditions during the first half of 2021 were supportive of remittance flows to developing countries. The significance that the Nigerian government places on remittances can be inferred from the statement by the CBN Governor, who mentioned that even amid COVID-19, Pakistan receives \$2 billion monthly from flows sent by Pakistanis in the diaspora. He is confident that if Nigeria can receive even just \$1 billion monthly or come close to \$2 billion, the exchange rate in Nigeria will stabilize.

**Remittances Inflow to Nigeria 2010-2021 (US\$ billion)**



It can be observed from the above that having Nigerians in the Diaspora is not a curse to the nation but a blessing. Firstly, the presence of over 17 million Nigerians abroad, who regularly send money back home, helps contribute to the nation's socioeconomic development. According to the National Bureau of Statistics Nigeria Living Standards Survey 2018/2019, 5.7% of households in Nigeria received remittances from abroad. Some of these funds are used for consumption, school fees, hospital bills, and agricultural inputs, among others, with 80% of the funds being spent on consumption.<sup>16</sup> Therefore, the remittance inflow from abroad to GDP reduced from 6.1% in 2018 to 5.3% in 2019,<sup>17</sup> and further to 4% in 2020. However, it increased to 4.4% in 2021.

**Remittance Inflow as a Percentage of GDP**



Source: World Bank<sup>18</sup>

The diaspora remittances to Nigeria rose to US\$19.2 billion from the US\$17.21 billion recorded in 2020. Research has shown that the inflow of remittances can reduce pressure on the external reserves, stabilize the exchange rate, reduce inflation, and attract foreign direct

<sup>15</sup> A War in A Pandemic: Migration and Development Brief 36 May 2022, page 2.

<sup>16</sup> National Bureau of Statistics Nigeria Living Standards Survey 2018/2019. Published in May 2020

<sup>17</sup> <https://imtconferences.com/wp-content/uploads/2019/08/Nigerian-Diaspora-and-Remittances.pdf>

<sup>18</sup> <https://data.worldbank.org/indicator/BX.TRF.PWKR.DT.GD.ZS?locations=NG>

investment. In Nigeria, external foreign reserves plummeted from \$58 billion in 2008<sup>19</sup> to \$38.53 billion as of September 20th, 2022,<sup>20</sup> as a result of the slump in crude oil production (which reduced from 1.61 million barrels per day in Q2 2021 to 1.43 million barrels per day in Q2 2022 year-on-year), leading to poor forex.<sup>21</sup> The larger the population abroad, the higher the possibility of remittances. This means that the government understands the value of the diaspora in its economy. In the words of Dr. Chris Ngige, the Minister of Labour and Employment;

***“We have more than enough doctors. You can quote me. We have surplus. If you have surplus, you export. There is nothing wrong in them travelling out. When they go abroad, they earn money and send them back home here.”<sup>22</sup> April 24, 2019***

Similarly, the Governor of the Central Bank of Nigeria (CBN), Mr. Godwin Emefiele, observed in December 2020 that remittance inflows could help improve the balance of payment position, reduce dependence on external borrowing, and mitigate the impact of COVID-19 on foreign exchange inflows into the country. The World Bank had also projected Nigeria's diaspora remittance inflow to increase by 7.1% in 2022, reflecting the gains of the continued adoption of official bank channels and the expectation that more migrants will likely send more money home to support their families in the face of increases in the cost of living. This is expected to reverse the decline in the foreign reserve position and strengthen the current account balance, which has been in a net deficit since Q1 2019.

Over the past five years, remittances as a percentage of GDP have been on a downward trend, reducing from 6.1% in 2018 to 4% in 2020, and rising to 4.4% in 2021. During the same period, the oil sector's contribution to GDP rose from 8.6% in 2018 to 8.78% in 2019. Since then, it has been on a downward trend, with 7.24% in 2021. As of Q2 2022, the oil sector's contribution to GDP has reduced to 6.48%. It can be deduced that while the oil sector's contribution to GDP decreased to 7.2% in 2021, remittance inflows increased by 11.1%.

Year	Remittance as a percentage of GDP	Oil Sector Contribution to GDP <sup>23</sup>
2017	5.6%	8.67%
2018	6.1%	8.60%
2019	5.3%	8.78%
2020	4%	8.16%
2021	4.4%	7.24%
2022 (Half-year)	N/A	6.48%

Source: World Bank <sup>24</sup>

Given the above, it could be argued that the diaspora remittances leveraged by the government of Nigeria as part of the contribution to the GDP are a blessing to Nigeria's socioeconomic development. However, it is important to note that this may not be possible without Nigerians from various walks of life moving out of the country. Just like the Minister of

<sup>19</sup> [Nigeria External Reserves \(1999 till date\) - Databod](#)

<sup>20</sup> [Central Bank of Nigeria | Movement in Foreign Reserves | Up to \(cbn.gov.ng\)](#)

<sup>21</sup> Nigeria Gross Domestic Product Report Q2 2022.

<sup>22</sup> <https://www.thecable.ng/fact-check-does-nigeria-have-enough-doctors-as-claimed-by-ngige>

<sup>23</sup> NBS: Nigerians Gross Domestic Product Report Q4 2017, 2018, 2019, 2020, 2021 and Q2 2022.

<sup>24</sup> <https://data.worldbank.org/indicator/BX.TRF.PWKR.DT.GD.ZS?locations=NG>



Labour and Employment, the Central Bank Governor, and the Minister of Health, Dr. Osagie, recently acknowledged why Nigeria should not be concerned about the migration of doctors when he said.

***We have heard complaints of doctors who are now leaving the system but there are actually enough doctors in the system because we are producing up to 2,000 or 3,000 doctors every year in the country, and the number leaving is less than 1,000'.<sup>25</sup> August 24, 2022.***

The position of these top government officials alludes to the fact that (1) the migration of workers (including health workers) brings more funds to the country's GDP, and (2) people must migrate to work in a foreign country to be able to send Forex back home. The Minister of Finance, Dr. (Mrs.) Zainab Ahmed, while presenting the Medium-Term Expenditure Framework and Fiscal Strategy Paper (MTEF & FSP) 2023-2025 to the general public in July 2022, noted that the major sources of foreign exchange inflows into Nigeria include proceeds from oil and non-oil exports, diaspora remittances, and Foreign Direct/Portfolio investments. Additionally, Professor Philip Ozuah, an alumnus of the College of Medicine, University of Ibadan, donated \$1 million (representing N417 million based on the official exchange rate of N417 to a dollar). This represents a significant remittance inflow from an individual at a time when the country required foreign exchange for economic stability. Diaspora remittances have surpassed both Foreign Direct Investment and Net Official Development Assistance inflows and are a major source of foreign earnings for Nigeria, helping to reduce poverty among households and having a positive impact on the economy (Adedokun, 2019: 204).<sup>26</sup>

On the contrary, fact-checks from various investigative platforms such as 'Daily Trust,' NOI Poll 2018, the medical professional association, and others have disputed the government's claims about the adequacy of Nigeria's medical doctors. According to the report from 'Daily Trust' dated 23rd August 2022, it was noted that Nigeria has a shortfall of one doctor for every 600 people, as recommended by the World Health Organization. The report argued that the country needs about 303,333 medical doctors now and at least 10,605 new doctors annually to bridge the manpower gap in the health sector. The NOI Report 2018 also revealed that the deficit between doctors registered with the Medical and Dental Council of Nigeria and those practicing in Nigeria is about 37,000. It was observed that a significant number of trained medical doctors of Nigerian descent move in droves to work in developed economies (e.g. U.S. and U.K.) to seek greener pastures.

Like any other country, Nigeria needs more labour force not only in the health sector but also to grow its economy. It is estimated that if Nigeria could add between five and nine million youths to the labour force, it would translate into an increase of N0.8 trillion to N1.3 trillion in Nigeria's GDP. The importance attached to labour-force participation in Nigeria under the recently launched 'Strategy for Accelerating Human Capital Development in Nigeria' contradicts the position of some government officials on the exodus of health workers. This is because the policy emphasizes the importance of labour-force participation, especially among the young population. According to the policy document, if Nigeria must grow its economy sustainably, increase its tax base and per capita income, and capture its demographic

<sup>25</sup> <https://dailypost.ng/2022/08/24/we-have-enough-medical-doctors-in-nigeria-those-leaving-less-than-1000-minister-ehanire/>

<sup>26</sup> [https://www.researchgate.net/publication/334312429\\_Impact\\_of\\_Migration\\_on\\_the\\_Economy\\_of\\_Nigeria\\_Recent\\_Trends](https://www.researchgate.net/publication/334312429_Impact_of_Migration_on_the_Economy_of_Nigeria_Recent_Trends)



dividend, many millions more adults, especially young adults and women, need to be empowered to participate in the workforce.<sup>27</sup>

Interestingly, there is a dearth of data on the annual migration among Nigerian youth in various workforces. Research shows that more people are willing to leave the country every year. For medical professions, the 2018 NOI survey revealed that 88% of Nigerian medical workers are willing to leave the country for Europe and America. In the same year, the PEW review survey indicated that nearly half (45%) of adults in Nigeria say they plan to move to another country within five years, by far the highest share among 12 countries surveyed across four continents.<sup>28</sup> In 2020 and 2021, there were 767,164 and 1,059,607 passports issued, showing a 38% increase in just two years.<sup>29</sup> In the same vein, the number of Nigerian students in UK universities increased from 13,000 in the 2019/2020 academic session to 21,300 in the 2021/2022 session,<sup>30</sup> representing over a 61% increase in a single year. In the same year, about 7,000 Nigerian medical doctors moved to Europe and America.<sup>31</sup> This and other evidence justify an increase in Nigeria's diaspora remittance, which increased from 4% in 2020 to 4.4% in 2021.

With the population of Nigerians going abroad increasing every year, it could be argued that Nigeria needs more workforce to meet the increasing labour-force participation, especially in the health sector. A former President of the Nigeria Medical Association, Dr. Francis Faduyile, once said that it would take about 25 years to produce the adequate number of doctors required to cater to Nigeria's increasing population.<sup>32</sup> Ogbu (2019: 44) observed that one of the major effects of migration has become an embarrassment to the nation, and the bitter truth about the brain drain syndrome is that most of the engineers, academics, scientists, physicians, and others trained in developing countries' institutions of higher learning with a substantial amount of money end up bettering the socio-economic fortunes of those already industrialized countries, to the detriment of the country's need for the same workforce to drive the economy.<sup>33</sup>

## Conclusion

From the above, therefore, while Nigeria needs diaspora remittances, it also needs to retain its labour force, especially in the health sector. The inability to ensure that more trained health professionals stay in the country to practice and bridge the already widening gaps in human resources for healthcare could turn the workers' exodus into a curse in Nigeria. It is recommended that the Federal government of Nigeria should strengthen the various policy measures that allow for the easy inflow of remittances. Additionally, effective policy measures should be introduced by various ministries, departments, and agencies responsible for labour force participation to ensure a conducive environment and incentives are available for the existing and prospective health workforce to ensure retention and effective service delivery.

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<sup>27</sup> "Strategy for Accelerating Human Capital Development in Nigeria", June 2022. A publication of National Economic Council, page 75

<sup>28</sup> <https://www.pewresearch.org/fact-tank/2019/03/27/many-nigerians-tunisians-and-kenyans-say-they-plan-to-leave-their-countries-in-the-next-five-years/>

<sup>29</sup> <https://www.thenigerianblogger.com/passport-issuance-rises-by-38percent-in-just-two-years/>

<sup>30</sup> <https://www.thisdaylive.com/index.php/2022/09/18/help-our-future-is-relocating/>

<sup>31</sup> 31

<sup>32</sup> [NMA President says it will take 25 years to reduce doctors' shortage \(vanguardngr.com\)](https://www.vanguardngr.com/2022/09/18/nma-president-says-it-will-take-25-years-to-reduce-doctors-shortage/)

<sup>33</sup> Ogbu, Esther, "Migration and the philosophy of brain drain in Nigeria", Journal of African Studies and Sustainable Development Vol. 2 No 4, 2019