



Research Article

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Remittances Inflows and Development in West Africa: A Study of Selected Countries

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Abstract

This study analyzes remittances and development in West Africa using five countries in West Africa as case studies. The data used were personal remittances received, financial openness and exchange rate as explanatory variables while human development index was the dependent variable. The data were sourced from the World Bank and the United Nations 2022 publications. The data were panel data and as a result, the study utilized the panel regression model as the main analytical tool. The results showed that remittances into West African economies are spurred by increased financial openness and exchange rate. This aligns with the neoclassical migration theory and the developmental optimistic school of thought. The study concluded that remittances to West African countries have greatly influenced economic development in the sub-region and recommended that the increased financial openness should be a strategy for governments in the West African sub-region to appeal to their nationals abroad to utilize formal remittance channels as this would aid the developmental efforts of the government. (C12, F24, R11)

Keywords: financial openness, human development index, panel data, remittances, West Africa, exchange rate, migrants

1. Introduction

According to a 2023 assessment by the International Organization for Migration (IOM), there has been a notable rise in remittance inflow into West African countries during the past 20 years. Remittance inflows rose from \$125 billion in 2004 to \$429 billion in 2016, and by the end of 2023, they had reached \$1 trillion (IOM, 2023). According to data that is currently available, remittances over this time period actually accounted for three times the amount of Official Development Assistance (World Bank, 2023). According to World Bank data, Nigeria is the top-receiving nation in ECOWAS, with over \$20 billion in remittances received in 2023 (World Bank, 2023). According to estimated estimates, remittances account for a sizable portion of GDP in some ECOWAS nations. In 2023, for example, Gabon's contribution of GDP from remittances was 21.5%, whereas Liberia's was 26.1% (World Bank, 2023). According to these figures, the region's countries greatly depend on the influx of remittances. Remittances therefore act as a private money input to reduce economic hardships and smooth consumption, particularly in the ECOWAS (Akeju and Olanipekun, 2018).

Remittances have continued to be a reliable source of foreign funding for many developing nations. In Nigeria, for instance, total financial remittances were reported to be \$23.8 billion in 2023,

which helped to ease lending restrictions in the nation (Keho, 2024). In West Africa and sub-Saharan Africa overall, Nigeria received the largest amount of remittances (Maimbo & Ratha, 2022; World Bank, 2023). Between 30% and 60% of all remittances to the West African sub-region go to Nigeria, and its remittances are the country's second-largest source of foreign exchange earnings, behind oil exports (World Bank, 2023).

After Togo had led in the years before, Liberia led the ECOWAS in remittances to GDP in 2016. The high rate of migration to industrialized nations that Liberia has seen over the past 20 years as a result of political upheaval and civil conflict may be one of the factors contributing to the country's high remittance proportion to GDP in 2016. Senegal and the Gambia are two nations with a high remittance to GDP ratio in 2016. Nigeria's remittance proportion of GDP was 10.82% in 2023. Considering the ECOWAS average, this figure was deemed to be quite high. Nigeria continued to be the top beneficiary of remittances in the ECOWAS, despite a fall in its percentage of remittances to GDP in 2020 (World Bank, 2023). Remittances as a percentage of GDP were low for Gabon and Ghana in comparison to other ECOWAS countries (World Bank, 2023).

Ironically, when analyzing remittances effect on development, especially in a panel of developing countries, many facets have to be looked into. Prior studies have mostly concentrated on remittances and growth, with little study on remittances and other aspects of the ECOWAS region's development. The problem of paucity of literature is mostly common in a panel study but this study finds a shift from the conventional variables since they presented serious problems for previous researchers. Therefore, the problem of incomplete knowledge on the relationship between remittances and economic development in ECOWAS region will be solved by exploring numerous variables that will explain this relationship in a clear economic sense. Specifically, the research seeks to:

- i. Investigate the extent to which total remittances affect the development of the economies of selected countries in West Africa;
- ii. Determine the effect of financial openness on the development of the economies of selected countries in West Africa;
- iii. Analyze the effect of exchange rate on the economic development of selected countries in West Africa.

2. Literature Review

2.1 Conceptual Review

According to Ratha et al. (2013), remittances are the earnings of migrants that are sent from their place of migration destination to their place of origin. Mba and Chijioke (2024) state that different individuals do labor and transmit a portion of their earnings in the form of money or products to support or help their friends, family, and homes through various ways or transfers. We call these types of money or things sent home "remittances". Remittances, according to the IMF (2009), reduce poverty, increase welfare, and provide foreign exchange that helps nations pay for imports that are essential, pay off their external debt, and gain access to global financial markets. Future remittance trends have been used by commercial banks in certain nations as a promise to produce funds at lower borrowing rates and longer maturities (OECD, 2021).

The amount of remittances received by West Africa in 2023 was \$100.6 billion, up from \$35.439 billion in 2019 (World Bank, 2023). West African nations accounted for top 20 per cent of the ten recipient countries of remittances, with Nigeria topping the list with \$24.3 billion (World Bank Group and KNOMAD, 2023). According to the World Bank Data Sheet (2023), remittances account for a larger portion of GDP in the following West African nations: Cabo Verde (12.3%), Liberia (12.0%), Senegal (9.1%), Togo (8.5%), Ghana (7.3%), and Nigeria (6.1%). Remittances make up at least 5% of the GDP of more than half of the countries in West African sub-region (World Bank, 2023).

In West African sub-region, remittances are mostly used for purchase of land and other properties, health care expenditure, education funding, housing, small and large scale farming

activities, agricultural equipment, and insurance against unforeseen events in migrant families (Quartey et al, 2024; Quartey, 2006; Mohapatra and Rath, 2019). Financial institutions help migrant households save money as a precautionary measure (Mangala, 2017). This introduces the financial openness's intervening function in the framework of remittances and development. The real amount transferred to the home is limited by the high cost of remittance transfers, which also promotes the use of unofficial channels, which are often less expensive and provide better rates of exchange (Quartey et al, 2024). To ascertain their influence on sub-regional development, the extant remittance data will be empirically analyzed, taking into account the intervening impacts of financial openness and exchange rate. This helps with projections on West African economic development in the future.

Myint and Krueger (2016) defined economic development as the degree to which living standards are improved through the process of increasing per capita incomes in absolute terms. Furthermore, the introduction of increasingly sophisticated and automated technology into an economy to restructure its structure and improve labor productivity, employment, wages, and the standard of living for the populace is known as economic development (Panth, 2020). In line with economic perspective, infrastructure development should go hand in hand with advancements in social, political, and institutional elements (Myint and Krueger 2016).

The population's rising quality of life is the primary factor taken into account when gauging economic progress (Panth, 2020). Mahbul Haq and Amartya Sen created the human development index (HDI) in 1990 in response to this idea, and the UNDP embraced it as a substitute indicator of economic growth (UNDP, 2020). It incorporates measurements of adult literacy, life expectancy, and income per capita. Sen (1983) notes that since health and education directly improve people's capacity to govern their own lives, they need to be prioritized more.

The human development index is a measure put forward by the United Nations Development Programme and published annually in its Human Development Reports. The report attempts to include more aspects of development and takes per capital income, education, and health into consideration when assessing a nation's level of development (Klugman et al., 2011). The HDI was designed, among other things, to draw focus away from the "overly large" emphasis given to the impact of economic growth on development policy (Ravillion, 2011). The HDI, according to Gertner (2010), is the only metric that has been able to subvert "the hegemony of growth-centric thinking."

It is impossible to overstate the revolutionary potential of remittances as a driver of economic growth in West Africa. Despite the challenges impeding remittance growth, the sub-region has seen the rise of a number of initiatives aimed at strengthening the developmental impact of remittances through the use of digital payment systems and mobile money, as well as facilitating the mobilization of the African diaspora (Liwaaddine, 2024). Remittances are anticipated to propel development in the economies of West Africa as the prevalence of mobile and digital payment systems increases.

2.2 *Theoretical Framework*

The neoclassical migration theory gives rise to three primary schools of thought that attempt to explain how remittances affect a nation's growth. The first is the school of thinking known as Developmental Optimistic (De Haas, 2007). This idea has a positive outlook on remittances and how they affect development. This school of thought's fundamental premise is that remittance flows along with the experience, skills, and information that migrants overseas, gain would improve recipient nations' growth (Adenutsi, 2010). It is anticipated that migrants would make significant financial investments in businesses in their home nations, spurring modernization and growth in the less developed economies (Adenutsi, 2010; De Haas, 2007).

The second school of thought is the Developmental Pessimistic School, which drew inspiration from structuralism and dependence (Taylor, 1999). The idea has a negative perspective on the impact of remittances on development. One of the factors taken into consideration is the detrimental impact of "brain drain," which occurs when educated people leave the country and suffer losses that are not

made up for by the advantages of remittances (Acosta, 2006; Beine et al, 2012). When educated citizens leave emerging nations, their nations lose their human capital resources (Larsson and Angman, 2024). Furthermore, Adenutsi (2010) and Chami et al. (2008) emphasized that remittances might widen the income gap in developing nations as the poorest people cannot afford to leave their country due to the expenses involved, such as travel expenses. Once more, proponents of this school of thinking contend that spending remittances on consumption as opposed to investment may promote faster inflation in the developing nations that receive the remittances (Guha, 2013; Imai et al, 2014; Mughal, 2013).

With inspiration from the Remittances Development Pluralists, the third school of thought combines the ideas of the preceding two (Adenutsi, 2010; De Haas, 2007). This school of thinking, which emerged in the 1980s and 1990s, holds that remittances have neither strictly good nor negative effects on the nations that receive them. The claim made here is that remittances may have both favorable and unfavorable effects on development (De Haas, 2007). The Pluralist school of thinking is so all-encompassing that this research uses the idea as its theoretical foundation. Thus, we try to dissuade the positive or negative effect of remittances on development but rather put remittance in the context of the selected West African economies and subject the visible data to empirical analysis so as to determine the relationship remittances have with economic development in the West African sub-region.

2.3 Empirical Review

Adarkwa (2015) found that remittance inflows to Senegal and Nigeria had a positive impact on their GDP, while they had a negative impact on the GDP of Cape Verde and Cameroon. According to the research's findings, Nigeria benefited the most from remittances throughout the study period, while Cameroon received the least benefit. Liwaaddine (2024) in a policy paper for the United Nations stressed that the African diaspora has emerged as a vital force in shaping the economic and social landscape of both their countries of residence and origin. The study adopted exploratory approach and concluded that stakeholders, including governments, financial institutions, mobile network operators, and international organizations are key to accelerating progress in harnessing the developmental power of remittances in the West African sub-region.

Sander and Maimbo (2003) leveraged on widely dispersed data and documentations on migrant remittances in Africa to analyze migrant labor remittances in Africa. They came to the conclusion that, due to significant underreporting, actual remittance flows to Africa are far larger than those shown in the data. They said that just one-third of Sub-Saharan African nations and less than two-thirds of African nations publish remittance statistics. Informal pathways of flow are not recorded at all. Estimating and accounting for the significant unreported transfers would increase the demonstrated benefits of remittances.

Quartey, Setrana, and Tagoe (2024) looked into the connections between West African development and migration. They noted that since the establishment of the free movement policy in West Africa in 1979, the region has experienced an increase in labor migration as a result of the development of the mining industry, the expansion of cash crop production, infrastructure, and oil discovery. Modern migratory patterns, such as transnationalism and the feminization of migration, support development in West Africa. Developmental advantages, including knowledge sharing, increased investment in various sectors by nationals living abroad etc. A research on the effects of remittances on remittances from underdeveloped nations was conducted by Lubambu (2014). According to the study, remittances have shown to be a more reliable source of foreign exchange for developing nations than other forms of capital inflows like government development aid, public debt, or foreign direct investment.

Larsson and Angman (2024) published an article on remittances and development using 99 developing countries as case studies. The Human Development Index (dependent variable), trade, FDI to GDP ratio, investment to GDP ratio, government spending to GDP ratio, M2 to GDP ratio and

inflation (independent variables) were all analyzed using yearly panel data in this study. They found that remittances and the degree of human development in poor nations had a favorable correlation. The effect of remittances on the economy of West Africa was examined by Adjei et al. (2020). They revealed that remittances had a positive and significant effect on the economies of West African countries by using panel data on GDP, remittances, investments, trade openness, exchange rate, and domestic savings.

In a similar study, 450 remittance beneficiaries and non-recipients from Nigeria were included in a new dataset gathered by Fonta, Nwosu, and Onyukwu (2016). Remittances have a favorable impact on development outcomes, particularly at the household level (sharing purchases, wedding, funeral, and hire buy), according to their study, which examined how households use them. They came to the conclusion that recipient households' rates of poverty are significantly reduced by remittances. Using the ordinary least squares approach, Mba and Chijioke (2024) discovered that remittances and FDI had a positive and substantial impact on development of the Nigerian economy, whereas the exchange rate had a negative impact on the same. They made this determination using data on remittances, FDI, government spending, the exchange rate, and per capita GDP.

Mubarik, Al-hassan, and Ridwan (2016) employed the Tobit Regression Model and concentrated on the connection between Ghanaian household spending habits and remittances from overseas migrants. The study's findings demonstrated that, in comparison to households without remittance income, remittance recipients increased their spending on housing but lowered their spending on consumption and some investment products. The study came to the conclusion that remittances cannot help recipient countries increase their levels of entrepreneurial investment and human capital, and it also highlighted Ghana's unproductive usage of remittances. According to Shittu, Hassan, and Scrimgeour (2023), remittances contribute to sustainable development; but, when remittances surpass 0.39 percent of the adjusted net savings in the SSA area, a negative impact arises.

Akeju and Olanipekun (2018) examined the connection between poverty in seven West African nations and migrant remittances using the one-step approach Generalized Method of Moments technique. Their analysis showed a statistically significant relationship between remittances received and poverty. They came to the conclusion that migrant remittances significantly contributed to reducing poverty in the sub-region. Financial development in the West Africa sub-region was primarily driven by an increased influx of foreign remittances, according to Kolawole et al. (2023) and Keho (2024) in an updated study. They also found that remittances propel financial development which increases domestic investment.

2.4 Gap in Literature

A cursory examination of the literature review shows that there has been numerous studies linking remittances to growth and development in the ECOWAS region. However, the measure of development is still in contention as studies like Adarkwa (2015), Lubambu (2014), Larsson and Angman (2024), Adjei, et al (2020) etc. all adopted gross domestic product as a measure of growth in the economies of the selected countries. However, the focus of this present study on economic development means that human development index is the closest measure to economic development as stated in World Bank (2023). Also, while other studies used exploratory and discussion approach (Liwaaddine, 2024; Sander and Maimbo, 2003), others adopted the survey approach (Fonta, Nwosu and Onyukwu, 2016; Mubarik, Al-hassan and Ridwan, 2016). The emphasis on secondary panel data is due to the fact that this study intends to expand the variable gap by introducing human development index as a proxy for ascertaining the level of economic development while also using other explanatory variables such as financial openness, exchange rate and remittances of the ECOWAS sub-region.

3. Methodology

The method adopted in the analysis of data is the panel regression model. This involves data collected from multiple countries over time and are said to be cross-sectional data (Maddala, 2001). Specifically, English speaking West African countries are selected namely: Nigeria, Ghana, Gabon, Liberia and Sierra Leone. These countries are chosen because they have similar economic outlook in terms of remittances inflow (World Bank, 2023).

The study adopts econometric approach to the panel data analysis which involves the test for stationarity of the data using the Levin, Lin and Chu (1960) panel unit root test, test for long-run relationship, Hausman specification test and the panel fixed or random effect model estimation (Egbulonu, 2007). The tests are carried out at 5% level of significance. The Eviews software v.12 is used to simplify the tests and ensure accuracy.

3.1 Model Specification

Following the model specified in Akeju and Olanipekun (2018), where they used per capita income to represent economic development and migrant remittances as the explanatory variable, we modify their specification to suit our purpose. We re-specify by replacing per capita income with human development index for a panel of five West African counties. The model is represented as:

$$HDI = f(REM) \quad (1)$$

where:

HDI = Human development index

REM = Remittances

The linear econometric form of the model becomes:

$$HDI_t = \beta_0 + \beta_1 REM_t + \varepsilon_t \quad (2)$$

where:

β_0 = Intercept of the model

β_1 = Unknown coefficient to be estimated

ε_t = Stochastic error term at time 't'.

By extension, we include financial openness and exchange rate in the model and obtain the specification below:

$$HDI_t = \beta_0 + \beta_1 REM_t + \beta_2 FINO + \beta_3 EXR + \varepsilon_t \quad (3)$$

Table 1: Economic A-priori expectation

Variable	Description	Expected Outcome
Remittances	Monies sent home by Nationals of a country living and working abroad. It comprises of every fund sent for investment and consumption purposes	+
Financial openness	This represents the extent of development in the financial sector of an economy, i.e. the ease of accessing funds via formal financial institutions.	+
Exchange rate	This is the rate at which one unit of a local currency is exchanged for one US dollar.	+

Source: Author's computation

4. Data Analysis

The analyses of data start with the presentation of the pre-estimation tests of stationarity, cointegration, cross section dependence and the Hausman specification test. These are given below:

Table 2: LLC Panel unit root test [p-value in parenthesis]

Variables	LLC test statistic		Order of Stationarity	Decision
	@Level	@First Difference		
HDI	-1.0055 [0.6013]*	-3.0619 [0.0453]	I(1)	Stationary at 1 st difference
REM	-1.9414 [0.2261]	-5.8480 [0.0000]*	I(1)	Stationary at 1 st difference
FINO	-1.3648 [0.0862]	-4.5540 [0.0043]*	I(1)	Stationary at 1 st difference
EXR	1.0321 [0.2257]	-5.4371 [0.0053]*	I(1)	Stationary at 1 st difference

Note: Probabilities are in block parenthesis.; * indicates significance at 5% level

The hypothesis for the panel unit root test above is given as:

H₀: The data is not stationary (has unit root).

H₁: The data is stationary (has no unit root).

The panel unit root test above shows that all the variables are I(1). Specifically, human development index, remittances, financial openness and exchange rate are all stationary after first differencing which meant that their order of stationary are represented as I(1). The implication of the stationarity test above is that the data used in the model have been ascertained to have no unit root and their statistical properties do not vary over time. This means that the remittances data can be used to forecast future development in the economies of West African countries with minimal error margin.

Once more, if the estimated data exhibits cross-sectional dependency, there's a chance that the panel estimation and the prediction that results might be weak (Sadorsky, 2014). This necessitates the use of the Pesaran's (2004) CD test to check for cross-sectional dependency (CD). The following is the null and alternative hypothesis:

H₀: There is no cross-section independence

H₁: There is cross-section dependence.

Table 3: Cross-Sectional Dependence Test

Test	Pesaran CD Statistic	d.f.	p-value
HDI	13.6461	10	0.0000
REM	11.0553	10	0.0000
FINO	3.9423	10	0.0001
EXR	9.2120	10	0.0000

Source: Extracted from Eviews Output

There is significant evidence to reject the null hypothesis of cross-section independence for the panel data residuals. What this implies in this study is that the cross-sectional data used in the panel model are dependent on each other meaning that the remittances inflow into on West African country will affect a neighboring country and so on. In other words, there is cross-section dependence (correlation) in the data (Sadorsky, 2014). This also justifies the choice of the countries from English speaking West Africa as they have similar economic outlook.

The alternative hypothesis for the long-run cointegrating relationship makes the assumption that there is cointegration among the variables, whereas the null hypothesis posits that there is no long run relationship. Additionally, the alternative for the Hausman specification implies that the fixed effect model is acceptable for estimating the relationship, but the null hypothesis for the model estimate is that the random effect model is appropriate. The table below provides an overview of the tests:

Table 4: Panel cointegration and Hausman test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random (Hausman)	14.931201	3	0.0019
Pedroni Residual Cointegration Test			
Panel ADF-Stat.	3.055049		0.0220

The tests above show that the respective null hypotheses for the two tests are rejected. The implication is that the model favors the fixed effect model. This is so given the p-value of the Hausman test statistic which is 0.0019 and below 0.05 critical value.

In a similar vein, we find that there is a long-term correlation between remittances and economic development in the West African sub-region by rejecting the null hypothesis in the long run test. The Pedroni Panel ADF-test probability value (0.0220), which is smaller than the 0.05 threshold limit, makes this clear.

According to Wooldridge (2013), the fixed effect model incorporates fixed group means in addition to parameters with non-random amounts. This indicates that the estimation of the fixed impact is predicated on the idea that remittance inflows have a fixed link with the economic performance of the West African nations and have non-random volumes across the research period.

Table 5: Fixed Effect model Estimation

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.094462	0.029110	-3.244997	0.0016
REM	0.020161	0.001624	12.41173	0.0000
FINO	0.001030	0.000421	2.444033	0.0162
EXR	0.000108	3.35E-05	3.218875	0.0017
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.961980	F-statistic		386.7570
Adjusted R-squared	0.959493	Prob(F-statistic)		0.000000
Durbin-Watson stat	1.558311	Akaike info criterion		-4.892618

The fixed effect specification shows that remittances exert positive and significant effect on economic development of West African countries to the tune of 0.0202 units. Thus increase in remittance inflows increases development in the economy of the countries in the sub-region. For financial openness, it has positive and significant effect on development of the countries in the region. Similar positive and significant effect is found between exchange rate and economic development in the sub-region. This result implies that increase in financial openness and exchange rates are two motivating factors that drives remittances which enhances the human development index in the sub-region.

The negative coefficient of the intercept (-0.09446) is an indication that economic development decreases when remittances and its associated variables are held constant at zero. This underlines the importance of remittances as a source of capital for families for investment in education, health and other areas of development. The overall significance of the remittance variables is proven by the F-statistic (386.76 with p-value = 0.0000). Remittances, financial openness and exchange rate jointly account for 95.9 per cent of the changes in economic development in the West African countries.

The test for significance or the hypotheses test is summarized in the Table below. The null and alternate hypothesis is stated as follows:

H₀: The variable is not significant (if the p-value is greater than 0.05 critical value).

H₁: The variable is significant (if the p-value is less than 0.05 critical value).

Table 6: Test of hypothesis

Variable	t-statistic	p-value	Decision
Remittances	12.41173	0.0000	Positive and significant
Financial openness	2.444033	0.0162	Positive and significant
Exchange rate	3.218875	0.0017	Positive and significant

Based on the test above, the variables are all significant since their p-values are less than 0.05 critical value. As such, we reject the null hypotheses and conclude that remittances, financial openness and exchange rate all have significant individual impacts on economic development in the West African sub-region.

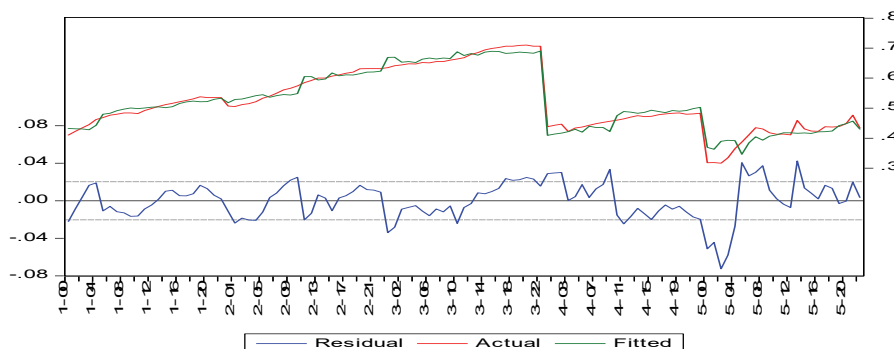


Figure 1: Actual and Fitted Regression Line

The green line represent the fitted regression line (expected outcome) while the red line represent the actual regression line (actual outcome). This is a graphical representation of the economic a-priori expectation. The close fitness is an indication that the expected effect of remittances on economic development of West African countries was actually what was achieved using the panel data.

5. Discussion of Results

The results revealed that remittances positively and significantly affect economic development of West Africa. The implication of this is that many households are consistently relying on remittances from their relatives abroad to enable them fund the basic necessities of life. Adarkwa (2015) correctly pointed out that remittances from West African people residing outside have increased significantly over the last ten years, surpassing both government development aid and foreign direct investment inflows into these nations. Teye (2022) also pointed out that the rise in remittances can be related to exchange rate fluctuations, a growth in the number of persons relocating overseas and the availability of quicker and more convenient, and less expensive international money transfer options (greater financial openness). Thus, the findings made in this research align with previous authors.

Additionally, Fonta et al. (2016) pointed out that in many developing West African nations, pro-poor targeted programs seldom take into account the development potential of remittance revenue. It is obvious that migrant remittances, which allow families to improve their standard of living above that of vulnerability and subsistence, are a vital lifeline for millions of individual homes. The rise in personal remittances received by countries in the sub-region is specifically responsible for the improvement in the human development rating of the majority of West African nations (Larsson and Angman, 2024). This is clearly evident in the panel regression result obtained which showed that

human development index decreases when remittances variables are held at a constant state.

Statistically, the English speaking West African countries received in excess of \$25.79 billion in remittances as at end of the year 2022 (World Bank, 2023). The statistics from the World Development Indicator for 2022 showed that Nigerian nationals sent home \$20.13 billion, remittances received in Ghana amounted to \$4.6 billion, Gabon had \$18.5 million, Liberia had \$0.689 billion and Sierra Leone had \$0.321 billion in remittances received. Conspicuously, Nigeria tops the charts for countries with highest receipt of remittances in the whole of West African sub-region and not only among the English speaking countries in the region. When compared with the human development index rating for 2022, Nigeria scored 0.54, Ghana scored 0.63, Gabon scored 0.71, Liberia and Sierra Leone scored 0.48 and 0.43 respectively (United Nations, 2022). This gives an average of 0.56 rating for the countries which is appreciably satisfactory given that a rating close to 1 signifies a highly developed country. Thus, the positive and significant effect of the remittances variables on the economic development of the countries is justified based on these statistics.

Once more, the developmental pluralists' theoretical stance as it relates to the data supports the ideas of the Developmental Optimistic School of thinking, as described by De Haas (2007). This indicates that, when considering remittance inflows within the framework of the chosen West African economies, migrants or West African nationals make significant financial investments in their home nations' businesses and families, hence promoting growth and an improvement in standard of living. As a result, the results support this school of thought.

6. Conclusion and Recommendations

The conclusion emanating from the data analysis is that remittances to West African countries have greatly influenced economic development in these countries. Specifically, inflow of remittances is encouraged by increased exchange rate and increased financial openness in the sub-region. The implication of this is that the growing emphasis on remittances is fast yielding the desired result as the human development index of the countries in the sub-region has great potentials for improvement if sustained. It is in this light that this research makes the following recommendations:

1. Government of West African countries should leverage on the increased inflow of remittances into their economies by advocating for formal channels of remittances receipt. The increased financial openness should be a strategy for governments in the sub-region to appeal to their nationals abroad to utilize formal remittance channels as this would aid developmental efforts of the government.
2. The increased financial openness should be sustained by further improving financial infrastructure and integrity of the system. What this study advocates is the continued increase in money supply to GDP ratio through increased flow of money in the economy which can be achieved by increased mobile money penetration which is a key source of financial openness.
3. Countries in the West African sub-region should ensure they make monetary policies that will appreciate the value of their local currencies in terms of the dollar and maintain exchange rate stability. This will help industrialize their economies and all-round development in West African countries.

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