

DIASPORA REMITTANCES AND POVERTY TRENDS IN NIGERIA: THE EXPLANATORY ROLES OF INFLATION AND POPULATION GROWTH

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Abstract

Though there are substantial increases in remittance inflows into Nigeria over the past two decades, poverty levels remain persistently high, raising concerns regarding the extent to which remittances contribute to poverty reduction within the country. This study examines the relationship between diaspora remittances and poverty trends in Nigeria while assessing the explanatory roles of inflation and population growth between 2003 and 2022. The study adopts a quantitative longitudinal research design using secondary time-series data obtained from the World Bank World Development Indicators database. Data were analysed using descriptive statistics, Pearson correlation, and multiple regression analysis in IBM SPSS Statistics. The findings indicate that diaspora remittances exhibit a weak negative but statistically insignificant relationship with poverty, while inflation records a weak positive relationship with poverty. Population growth emerges as the strongest and only statistically significant predictor of poverty trends in Nigeria. The study concludes that although remittances provide important household welfare support, broader demographic and macroeconomic pressures significantly constrain their poverty-reducing impact in Nigeria.

Keywords: Diaspora Remittances, Household Welfare, Inflation, Population Growth, Poverty.

1. Introduction

International migration has expanded significantly over the past five decades and has become one of the defining features of contemporary globalization. According to the International Organization for Migration, the number of international migrants increased from approximately 84 million in 1970 to about 281 million in 2020, representing roughly 3.6% of the global population, while more recent estimates placed the global migrant population at approximately

304 million in 2024 (International Organization for Migration [IOM], 2024; United Nations Department of Economic and Social Affairs [UN DESA], 2024). The increasing movement of people across borders has been driven by factors such as economic inequality, labour mobility, globalization, demographic transitions, conflicts, and climate-related pressures (UN DESA, 2020). One major outcome of this growing migration trend has been the expansion of remittance flows from migrants to households in their countries of origin.

Global remittance flows have grown substantially over time and have become increasingly important to developing economies. According to the World Bank, global remittance flows increased from approximately US\$128 billion in 2000 to about US\$905 billion in 2024 (World Bank, 2024a). Similarly, remittance inflows to low- and middle-income countries increased from approximately US\$656 billion in 2023 to about US\$685 billion in 2024, representing a 5.8% increase (World Bank, 2024a). These inflows have become one of the largest and most stable sources of external finance for developing countries, often exceeding foreign direct investment and official development assistance in several economies (World Bank, 2024a). The World Bank (2024a) further estimated that more than 200 million migrant workers globally support approximately 800 million family members through remittance transfers.

Remittances have become increasingly important in developing countries due to their role in supporting household consumption, poverty reduction, education, healthcare, food security, housing, and small business development (World Bank, 2024b). They are also considered more resilient than many external financial flows during economic crises, as demonstrated during the COVID-19 pandemic (World Bank, 2024a). Consequently, remittances now play a central role in migration-development discussions, especially in countries facing poverty, unemployment, and weak social protection systems.

In Sub-Saharan Africa, remittance inflows increased from approximately US\$4.8 billion in 2000 to about US\$54 billion in 2023 (World Bank, 2024a). These inflows support household welfare, improve access to education and healthcare, strengthen resilience during economic shocks, and contribute to poverty reduction (African Development Bank, 2023). In several African countries, remittances account for between 5% and 20% of GDP, highlighting their growing economic importance. Nigeria, Egypt, Morocco, Kenya, and Ghana remain among Africa's leading remittance recipients (World Bank, 2024a).

Nigeria remains one of Africa's largest remittance recipients. Data from the World Bank indicate that remittance inflows into Nigeria increased from approximately US\$1.4 billion in 2000 to over US\$20 billion in recent years (World Bank, 2024c). Reuters (2024a) reported that Nigeria received approximately US\$20 billion in diaspora remittances in 2023. The Central Bank of Nigeria has increasingly emphasized remittances as an important source of foreign exchange and macroeconomic stability within the country (Reuters, 2024b). Historical trends further indicate substantial growth in remittance inflows over time. Remittance inflows increased from approximately US\$1.4 billion in 2000 to about US\$9 billion in 2005, approximately US\$19 billion in 2010, US\$20.6 billion in 2015, and approximately US\$24.3 billion in 2018 (World Bank, 2024c). Although inflows declined temporarily to approximately US\$17.2 billion during the COVID-19 pandemic in 2020, remittances later recovered and were estimated at approximately

US\$20 billion in 2023 and between US\$21 billion and US\$23 billion by 2025 (Reuters, 2024b; World Bank, 2024c). This recovery has been associated with financial reforms, digital transfer systems, and diaspora engagement initiatives introduced by Nigerian authorities (Reuters, 2024b).

Despite increasing remittance inflows, poverty remains widespread in Nigeria. According to the World Bank (2022), approximately 40.1% of Nigerians, equivalent to about 83 million people, lived below the national poverty line in 2019. Historical trends also indicate persistent poverty over time, with poverty prevalence estimated at approximately 54.7% in 2004 and about 69% in 2010 (World Bank, 2022). Although later estimates suggested some decline, poverty levels remained substantially high. Recent economic conditions associated with inflation and exchange-rate instability are also believed to have worsened poverty outcomes after 2022 (World Bank, 2024b).

Beyond income poverty, multidimensional poverty remains severe in Nigeria. The National Bureau of Statistics (2022) reported that approximately 63% of Nigerians are multidimensionally poor. The report further indicated that multidimensional poverty affects approximately 72% of rural residents and 42% of urban residents, while about 67% of children are affected by multidimensional poverty (NBS, 2022). These deprivations extend beyond income poverty and include deficiencies in education, healthcare, sanitation, housing, food security, and access to basic services.

Nigerian households also remain highly vulnerable to inflation, unemployment, insecurity, food price increases, energy costs, and exchange-rate shocks (World Bank, 2024b). Consequently, many households increasingly depend on informal support systems, including diaspora remittances, to cope with economic hardship and livelihood instability. This creates an important development contradiction within the Nigerian context. Although remittance inflows have increased dramatically over the past two decades, poverty and household vulnerability remain persistently high. For example, remittance inflows increased from approximately US\$1.4 billion in 2000 to over US\$20 billion by 2023–2025, representing an increase of more than 1,600% (World Bank, 2024c). However, poverty remained severe, with approximately 69% poverty prevalence reported in 2010 and about 40.1% of Nigerians still living below the national poverty line in 2019 (World Bank, 2022). Similarly, approximately 63% of Nigerians remain multidimensionally poor despite Nigeria's position as Africa's leading remittance recipient (NBS, 2022).

Against this background, this study examines the relationship between remittance inflows and poverty levels in Nigeria between 2003 and 2022. Specifically, the study seeks to examine trends in remittance inflows, poverty levels, inflation rates, and population growth in Nigeria and analyse whether a significant relationship exists between remittance inflows and poverty levels within the context of broader macroeconomic and demographic pressures. The study further assesses whether inflation and population growth provide additional explanatory power in understanding poverty trends in Nigeria because rising inflation can weaken household purchasing power and increase the cost of living, while rapid population growth may intensify pressure on household resources, employment opportunities, and social services.

2. Literature Review

Extant literature presents remittances as an important instrument for immediate poverty alleviation. In particular, it is shown that remittances reduce poverty headcount, poverty gap, extreme poverty, and multidimensional poverty by increasing household income and improving the ability of families to meet basic needs. Azizi (2021) found that workers' remittances significantly reduce poverty and inequality across developing countries, while Ekanayake and Moslares (2020) showed that remittances contribute to poverty reduction in Latin America. Similarly, Cui et al. (2023) confirmed poverty-reducing effects in selected Asian economies, and Ojeyinka and Ibukun (2024) found that remittances mitigate poverty across countries in Africa, Asia, and Latin America.

The literature further explains that the poverty-reducing effect of remittances operates mainly through household consumption. Remittance-receiving households often use these funds for food, housing, healthcare, education, utility bills, and other daily expenses. This improves living standards directly and helps households cope with hardship. Mohamed (2021), for example, found that remittance-receiving households in Somalia had higher consumption levels and lower poverty rates than non-recipient households. In Nigeria, Fowowe and Shuaibu (2021) and Amaka et al. (2023) also established that remittances help smooth household consumption and reduce vulnerability. Thus, the literature presents remittances as an important instrument for immediate poverty alleviation.

Beyond short-term consumption effects, several studies argue that remittances contribute to long-term poverty reduction through improvements in human capital. Cuong et al. (2024), in their study on Belt and Road Initiative countries, found that remittances reduce multidimensional poverty by improving access to education, healthcare, and better living standards. Similarly, Azizi (2021) argued that remittance income supports investments in household welfare and human development, thereby improving long-term socioeconomic outcomes. Ekanayake and Moslares (2020) also noted that remittances contribute to welfare improvements that extend beyond immediate income support. These studies suggest that remittances may reduce intergenerational poverty through investments in education, health, and household wellbeing.

Although the dominant conclusion within the literature is positive, several studies also identify possible negative effects and limitations associated with remittances. Azizi (2021) noted that while remittances reduce poverty, their effects on inequality may vary across countries and contexts. Masron and Subramaniam (2018) argued that remittances may sometimes increase inequality because migration opportunities are often more accessible to wealthier households. Similarly, Pal et al. (2022) observed that remittances do not always produce broad structural transformation because a substantial proportion of remittance income is used for household consumption rather than productive investment. These studies suggest that although remittances reduce immediate poverty, they may also create dependency or fail to generate long-term employment and productive economic growth.

Despite extensive literature showing that remittances contribute to poverty reduction, findings remain inconsistent across developing countries, particularly in contexts characterized by

persistent inflation, demographic pressure, and structural economic instability. While several studies report significant poverty-reducing effects of remittances (Azizi, 2021; Ekanayake & Moslares, 2020; Cui et al., 2023; Ojeyinka & Ibukun, 2024), others suggest that macroeconomic vulnerabilities and rapid population growth may weaken these effects at the national level (AlBataineh, 2024; Akinlo & Dada, 2025; Pal et al., 2022). Within Nigeria, existing studies have largely focused on household-level welfare effects and short-term consumption smoothing (Fowowe & Shuaibu, 2021; Amaka et al., 2023; Falade, 2019), with limited longitudinal macro-level analysis examining the combined influence of remittances, inflation, and population growth on poverty trends over time.

However, the literature also suggests that inflation, macroeconomic instability, financial development, and broader structural conditions influence the extent to which remittances reduce poverty. AlBataineh (2024) found that inflation and macroeconomic conditions affect the welfare benefits associated with remittances, while Akinlo and Dada (2025) and Ojeyinka and Ibukun (2024) showed that financial and institutional conditions shape the effectiveness of remittances in reducing poverty. In addition, studies such as Rehman et al. (2023) and Mohamed (2021) indicate that poverty outcomes in remittance-dependent economies are influenced by broader household and economic vulnerabilities. Based on these empirical positions, the following hypotheses are proposed:

H1: There is a significant relationship between remittance inflows and poverty levels in Nigeria.

H2: Inflation significantly contributes to the explanation of poverty levels in Nigeria.

H3: Population growth significantly contributes to the explanation of poverty levels in Nigeria.

Theoretical Framework

This study is anchored on the Transnationalism Theory as advanced by Linda Basch, Nina Glick Schiller, and Cristina Szanton Blanc in 1994. The theory was developed in their seminal work, *Nations Unbound: Transnational Projects, Postcolonial Predicaments, and Deterritorialized Nation-States* (Basch, Schiller, & Blanc, 1994). Transnationalism emerged as a response to traditional migration theories that viewed migration as a one-way process in which migrants gradually detached from their countries of origin and assimilated into host societies. In contrast, the theory argues that migrants maintain sustained and continuous social, economic, political, and cultural ties across national borders.

The central proposition of the theory is that migrants simultaneously participate in the social and economic life of both their host and home countries through what Basch et al. (1994) described as “transnational social fields.” These transnational connections are maintained through activities such as remittance transfers, investments, communication, political participation, cultural exchanges, and family support systems. According to the theory, remittances constitute one of the most important economic dimensions of transnational engagement because they enable migrants to support household welfare and maintain obligations to relatives and communities in their countries of origin.

The theory further postulates that remittances are not merely private financial transfers but also developmental resources capable of influencing household welfare, poverty reduction, education, healthcare, and local economic activities (Basch et al., 1994; Portes, Guarnizo, & Landolt, 1999). Portes, Guarnizo, and Landolt (1999) argued that transnational economic activities, including remittance flows, create important livelihood opportunities for households in developing countries and strengthen economic survival strategies among migrant families. Similarly, Levitt (1998) emphasized that transnational networks facilitate not only the movement of money but also the transfer of social support, knowledge, and welfare-enhancing resources between migrants and their home communities.

Transnationalism can be utilized aptly to explain how migration-generated income influences household welfare in remittance-receiving economies. In Nigeria, where poverty and household vulnerability remain widespread, diaspora remittances serve as an important source of livelihood support and may significantly influence poverty levels. The theory also justifies the inclusion of inflation and population growth, since inflation can reduce the purchasing power of remittance income, while rapid population growth may increase pressure on household resources and social services. Consequently, the Transnationalism Theory provides an appropriate framework for examining how diaspora remittances, inflation, and population growth interact to influence poverty levels in Nigeria.

4. Methodology

This study adopts a quantitative research approach to examine the relationship between diaspora remittances and poverty trends in Nigeria. The quantitative approach is appropriate because the study relies on numerical secondary data to analyse observable relationships among remittance inflows, poverty, inflation, and population growth over time. The study specifically employs a longitudinal research design using time-series data covering the period between 2003 and 2022. The selected period was determined by the availability and consistency of annual data for the study variables, particularly the poverty gap indicator, which contains observable data points beginning from 2003 and extending to 2022 within the World Development Indicators database. The essence of having a longitudinal design is to examine trends and variations in the study variables across multiple years within Nigeria's evolving economic context.

The study relies entirely on secondary data obtained from internationally recognized databases. Data on diaspora remittances were sourced from the World Bank World Development Indicators database using the indicator "Personal remittances, received (% of GDP)" (BX.TRF.PWKR.DT.GD.ZS). Poverty data were obtained from the World Development Indicators database using the indicator "Poverty gap at \$3.00 a day (2021 PPP) (%)" (SI.POV.GAPS). Inflation data were sourced using the indicator "Inflation, consumer prices (annual %)" (FP.CPI.TOTL.ZG), while population growth data were obtained using the indicator "Population growth (annual %)" (SP.POP.GROW). These indicators were selected because of their consistency, international comparability, and relevance to migration-development and poverty studies.

The dependent variable for the study is poverty, measured using the poverty gap at \$3.00 a day (2021 PPP). The poverty gap indicator was selected because it captures the depth and intensity of poverty by measuring how far poor populations fall below the poverty line. Unlike poverty headcount ratios, which only estimate the proportion of poor individuals, the poverty gap provides a more detailed assessment of poverty severity and household deprivation. The main independent variable is diaspora remittances, measured as personal remittances received as a percentage of gross domestic product. Inflation and population growth are included as additional explanatory variables because rising inflation may weaken household purchasing power and increase the cost of living, while rapid population growth may intensify pressure on household resources, employment opportunities, and social services.

Due to the irregular availability of annual poverty observations in Nigeria, some poverty-gap observations within the study period were missing. To facilitate longitudinal analysis and maintain continuity within the dataset, missing poverty observations between available survey years were estimated using linear interpolation techniques. Linear interpolation was adopted because it provides a systematic and transparent approach for estimating intermediate values between observed data points. The interpolation process was limited only to years falling between existing poverty observations and did not involve arbitrary data creation beyond observable trends. Nevertheless, the study acknowledges that interpolated values represent estimated trends rather than directly observed annual poverty measurements.

Data cleaning and preparation were conducted using Microsoft Excel before analysis in the IBM SPSS Statistics. SPSS was used for all statistical analyses in the study because it provides an appropriate platform for managing longitudinal quantitative data and conducting correlation and regression analyses. The cleaned dataset was organized into annual observations covering the period between 2003 and 2022. Descriptive statistics were first employed to examine the trends and distribution of the variables over time. Trend analysis was used to assess changes in remittance inflows, poverty levels, inflation, and population growth during the study period. Correlation analysis was subsequently conducted to examine the direction and strength of the relationships among the variables.

To further examine the explanatory relationships within the study, multiple regression analysis was employed. Regression analysis was considered appropriate because it enables the assessment of the relationship between diaspora remittances and poverty while simultaneously accounting for the explanatory contributions of inflation and population growth. The study estimated the following regression model:

$$POV_t = \beta_0 + \beta_1 REM_t + \beta_2 INF_t + \beta_3 POPG_t + \epsilon_t$$

Where POV_t represents poverty levels, REM_t represents diaspora remittances, INF_t represents inflation, $POPG_t$ represents population growth, β_0 represents the constant term, $\beta_1 - \beta_3$ represent the regression coefficients, and ϵ_t represents the error term.

5. Results and Analysis

5.1 Descriptive Statistics

Descriptive statistics were computed to summarise the key characteristics of the study variables over the period 2003–2022. Table 1 presents the descriptive statistics for all variables included in the study. As shown in Table 1, diaspora remittances measured as personal remittances received as a percentage of GDP (Remittances_%GDP) record a mean value of 4.62%, with a minimum of 1.01% and a maximum of 8.33%. The standard deviation (SD = 1.81) indicates moderate fluctuations in remittance inflows over the study period. This suggests that remittance contributions to Nigeria’s economy varied considerably across different years, reflecting changes in migration patterns, economic conditions, and foreign exchange dynamics.

Table 1: Descriptive Statistics of Study Variables (2003–2022)

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Remittances_%GDP	20	1.01	8.33	4.6173	1.81140
Inflation_Rate	20	5.39	18.85	12.5852	3.61037
Population_Growth	20	2.09	2.80	2.5698	0.26566
Poverty_Gap_3USD	20	10.40	20.60	13.2875	3.14885

Inflation rate records a mean value of 12.59%, with values ranging from 5.39% to 18.85% and a standard deviation of 3.61. The relatively high average inflation rate indicates persistent inflationary pressures within the Nigerian economy during the study period. The magnitude of the standard deviation further suggests noticeable fluctuations in price levels across different years, reflecting periods of economic instability, exchange-rate volatility, and rising living costs.

Population growth exhibits comparatively lower variability. The variable records a mean value of 2.57%, with a minimum of 2.09% and a maximum of 2.80%. The relatively small standard deviation (SD = 0.27) indicates that population growth remained comparatively stable throughout the study period despite gradual demographic changes. This suggests that Nigeria consistently experienced sustained demographic expansion over time.

Poverty measured using the poverty gap at \$3.00 a day records a mean value of 13.29%, with values ranging between 10.40% and 20.60%. The standard deviation (SD = 3.15) indicates moderate variation in poverty intensity during the study period. The relatively high maximum value suggests that poverty severity remained substantial in some years despite fluctuations in remittance inflows and broader economic conditions. Overall, the descriptive statistics indicate that Nigeria experienced considerable variations in remittance inflows, inflation, and poverty trends during the study period, while population growth remained relatively stable.

5.2 Trend Analysis

Trend analysis was conducted to examine the temporal behaviour of diaspora remittances, inflation, population growth, and poverty trends in Nigeria over the period 2003–2022. This provides an initial assessment of how changes in remittance inflows correspond with broader macroeconomic and poverty-related trends during the study period.

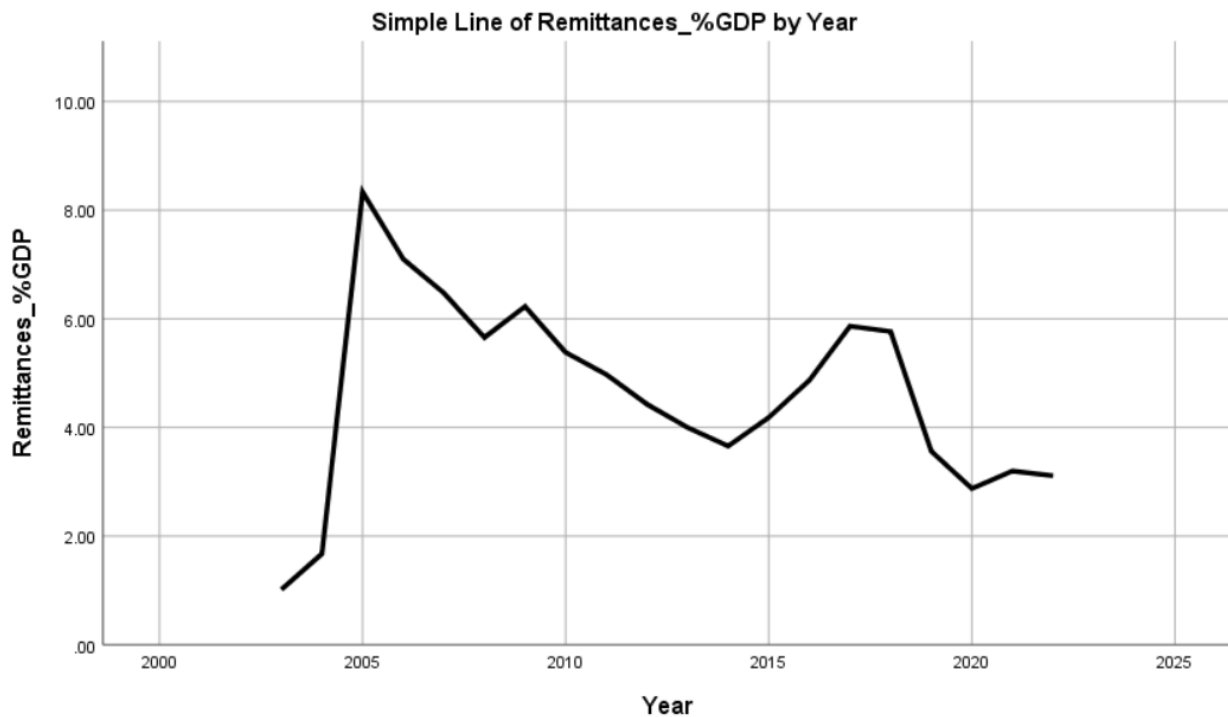


Figure 1: Trend of Diaspora Remittances as Percentage of GDP (Remittances_%GDP), 2003–2022

Figure 1 presents the annual trend in diaspora remittances measured as personal remittances received as a percentage of GDP between 2003 and 2022. The trend shows that remittance inflows were relatively low in the early years of the study period before increasing sharply around 2005. Following this surge, remittance inflows remained comparatively high during the late 2000s, although moderate fluctuations are evident throughout the period. From approximately 2010 onward, the trend generally declined before experiencing a temporary increase around 2017–2018. However, remittance inflows declined again in the later years before recording a slight recovery towards the end of the study period. Overall, the pattern indicates that remittance inflows fluctuated considerably over time, reflecting changing economic conditions, migration dynamics, and external financial flows affecting Nigeria.

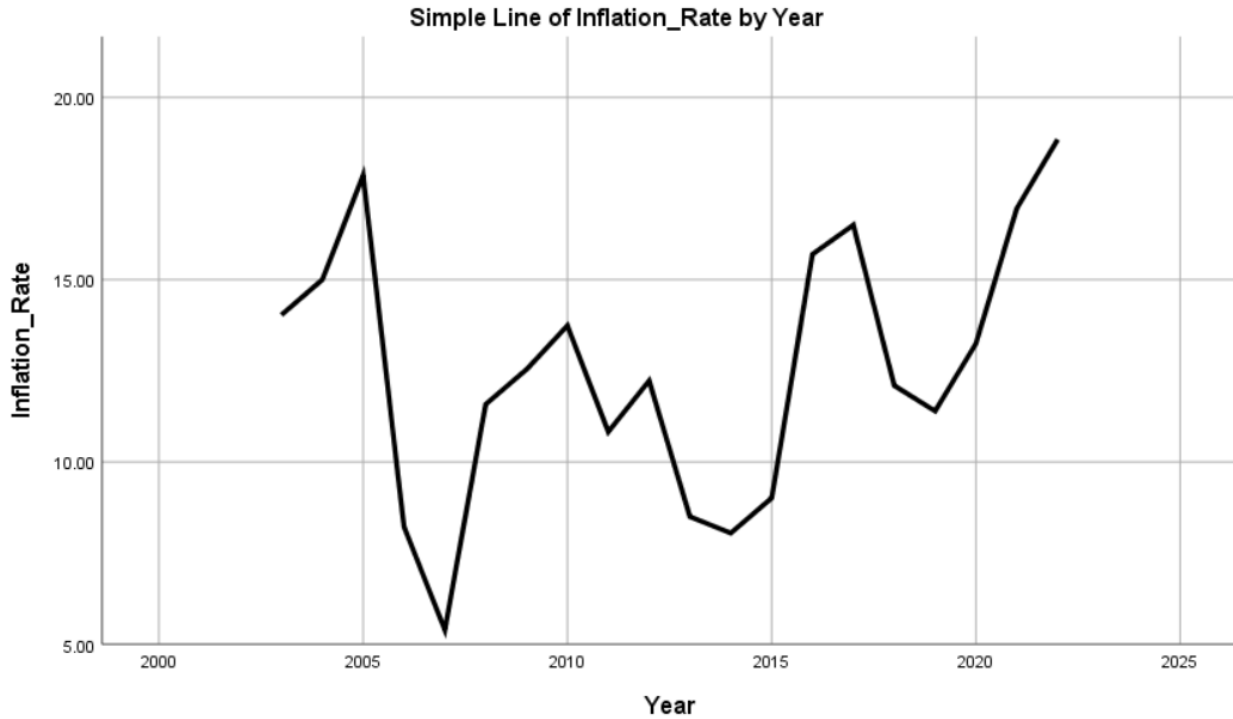


Figure 2: Trend of Inflation Rate (Inflation_Rate), 2003–2022

Figure 2 presents the annual trend in inflation rate over the study period. The trend exhibits substantial fluctuations throughout the period, indicating persistent macroeconomic instability within the Nigerian economy. Inflation was relatively high during the early years, peaking around 2005 before declining sharply in the subsequent years. However, inflation later increased again, fluctuating across the 2010s and rising substantially in the later years of the study period. The highest inflation levels are observed towards 2021–2022. This pattern suggests that Nigeria experienced repeated periods of rising price instability, which likely increased household vulnerability and reduced purchasing power over time.

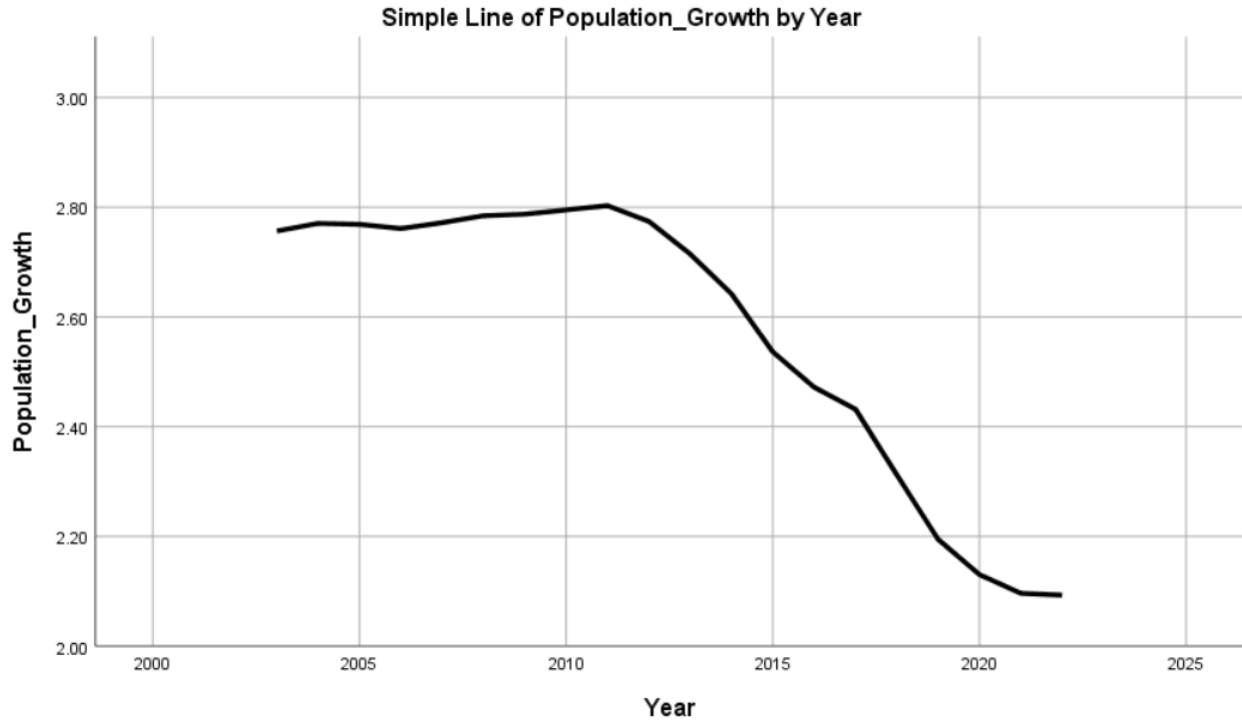


Figure 3: Trend of Population Growth (Population_Growth), 2003–2022

Figure 3 presents the trend in population growth over the study period. The pattern indicates that population growth remained relatively stable in the early years before beginning a gradual decline from approximately 2011 onward. Despite this decline, the trend remained consistently above 2%, indicating sustained demographic expansion throughout the study period. Unlike remittance inflows and inflation, population growth does not exhibit substantial fluctuations but instead follows a relatively smooth downward trajectory. This suggests that while Nigeria's population continued to increase over time, the annual growth rate gradually slowed in the later years.

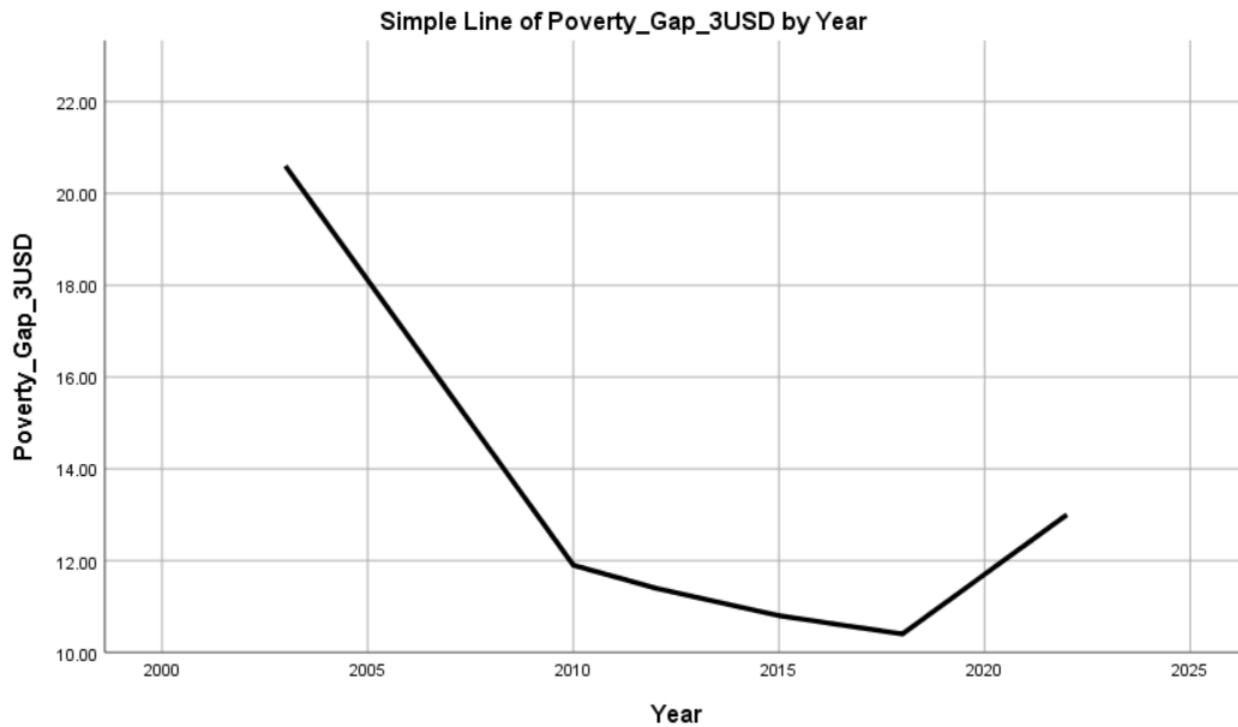


Figure 4: Trend of Poverty Gap at \$3.00 a Day (Poverty_Gap_3USD), 2003–2022

Figure 4 presents the trend in poverty measured using the poverty gap at \$3.00 a day. The trend shows that poverty intensity was relatively high in the early years of the study period, with the highest observed level occurring around 2003. Thereafter, the poverty gap declined substantially over time, indicating gradual improvements in poverty conditions during the middle years of the study period. However, from approximately 2018 onward, the trend begins to increase again, suggesting worsening poverty intensity in recent years. This upward movement in the later years may reflect the combined effects of inflationary pressures, economic instability, exchange-rate challenges, and declining household purchasing power.

5.3 Correlation Analysis

Correlation analysis was conducted to examine the strength and direction of relationships between diaspora remittances, inflation, population growth, and poverty trends in Nigeria. This provides preliminary insight into how the variables are associated before proceeding to regression analysis.

Table 2: Pearson Correlation Matrix

Variable	Remittances_%GD P	Inflation_Rate	Population_Growth	Poverty_Gap_3US D
Remittances_%GD P	1			
Inflation_Rate	-.158	1		

Variable	Remittances_%GDP	Inflation_Rate	Population_Growth	Poverty_Gap_3USD
Population_Growth	.331	-.403	1	
Poverty_Gap_3USD	-.086	.116	.437	1

Note: Correlation is significant at $p < .05$.

Table 2 presents the Pearson correlation coefficients for the variables included in the study. Diaspora remittances measured as personal remittances received as a percentage of GDP (Remittances_%GDP) show a weak negative relationship with poverty ($r = -.086$). This indicates that increases in remittance inflows are associated with slight reductions in poverty levels. However, the relationship is statistically insignificant ($p > .05$), suggesting that diaspora remittances alone do not exhibit a strong direct association with poverty trends during the study period.

Inflation rate shows a weak positive relationship with poverty ($r = .116$). This suggests that increases in inflation are associated with increases in poverty intensity. Although the relationship is statistically insignificant ($p > .05$), the positive direction of the relationship is consistent with the expectation that rising inflation weakens household purchasing power and contributes to worsening welfare conditions.

Population growth exhibits a moderate positive relationship with poverty ($r = .437$). Among all explanatory variables, this represents the strongest observed relationship with poverty. The positive direction indicates that increases in population growth are associated with higher poverty intensity in Nigeria. Although the relationship approaches statistical significance, it remains slightly above the conventional significance threshold ($p = .054$). This nevertheless suggests that demographic pressures may play an important role in shaping poverty trends within the country.

The correlation matrix also indicates a moderate negative relationship between inflation and population growth ($r = -.403$), while diaspora remittances show a weak positive relationship with population growth ($r = .331$) and a weak negative relationship with inflation ($r = -.158$). Overall, the correlation analysis suggests that population growth demonstrates the strongest association with poverty trends among the explanatory variables, while diaspora remittances exhibit only a weak inverse relationship with poverty during the study period.

5.4 Regression Analysis

Regression analysis was conducted to examine the explanatory effects of diaspora remittances, inflation, and population growth on poverty trends in Nigeria over the period 2003–2022. This approach enables an assessment of the relative contribution of each explanatory variable in accounting for variations in poverty intensity.

Table 3: Regression Results Summary

Model	Predictor	Beta (β)	t-value	Sig. (p-value)	R ²	Adj. R ²
1	Remittances_%GDP	-.250	-1.170	.259	.349	.227
1	Inflation_Rate	.342	1.550	.141	.349	.227
1	Population_Growth	.658	2.850	.012	.349	.227

Dependent Variable: Poverty_Gap_3USD

Table 3 presents the regression results for the estimated model examining the relationship between diaspora remittances, inflation, population growth, and poverty trends in Nigeria. The overall model explains approximately 34.9% of the variation in poverty levels ($R^2 = .349$), while the adjusted R^2 value indicates that approximately 22.7% of the variation in poverty is explained after adjusting for the number of predictors included in the model. The regression model records an F-value of 2.856 with a significance level of .070, indicating that the overall model approaches statistical significance, although it remains slightly above the conventional 0.05 threshold.

Diaspora remittances exhibit a negative relationship with poverty ($\beta = -.250$), indicating that increases in remittance inflows are associated with reductions in poverty intensity. However, the relationship is statistically insignificant ($p = .259$). This suggests that although remittances may contribute to household welfare improvements, their overall explanatory effect on poverty trends within the Nigerian context remains limited during the study period. Consequently, H1, which proposed a significant relationship between diaspora remittances and poverty levels in Nigeria, is not supported.

Inflation records a positive relationship with poverty ($\beta = .342$), suggesting that increases in inflation contribute to worsening poverty conditions. The positive coefficient indicates that rising prices and declining purchasing power may intensify household vulnerability and deepen poverty levels. Nevertheless, the relationship remains statistically insignificant ($p = .141$). Therefore, H2, which proposed that inflation significantly contributes to the explanation of poverty levels in Nigeria, is not supported.

Population growth shows a positive and statistically significant relationship with poverty ($\beta = .658$, $p < .05$). This indicates that increases in population growth are associated with increases in poverty intensity within Nigeria. Among all explanatory variables, population growth records the strongest explanatory effect on poverty trends. This finding suggests that demographic pressures may significantly influence household welfare conditions by increasing pressure on employment opportunities, social services, household resources, and economic infrastructure. Consequently, H3, which proposed that population growth significantly contributes to the explanation of poverty levels in Nigeria, is supported.

5.5 Discussion of Findings

The findings of this study demonstrate that the relationship between diaspora remittances and poverty in Nigeria is more complex than the dominant literature often suggests. While diaspora remittances exhibit a negative relationship with poverty, indicating that increases in remittance inflows are associated with reductions in poverty intensity, the relationship is statistically insignificant. In contrast, population growth emerges as the strongest and only statistically significant predictor of poverty within the model, while inflation records a positive but statistically insignificant relationship with poverty. These findings suggest that although remittances may contribute to household welfare improvements, broader demographic and macroeconomic pressures substantially shape poverty outcomes in Nigeria.

The negative relationship observed between diaspora remittances and poverty is consistent with the broader literature which argues that remittances improve household welfare and reduce poverty. Azizi (2021) found that workers' remittances significantly reduce poverty and inequality across developing countries, while Ekanayake and Moslares (2020) showed that remittances contribute positively to poverty reduction in Latin America. Similarly, Cui et al. (2023) and Ojeyinka and Ibukun (2024) established that remittances mitigate poverty across Asian, African, and Latin American economies. The negative coefficient observed in the present study therefore aligns with the theoretical expectation that remittance inflows improve household consumption and welfare conditions.

However, unlike much of the existing literature, the present study finds that the relationship between remittances and poverty in Nigeria is statistically insignificant. This finding departs from studies such as Fowowe and Shuaibu (2021) and Amaka et al. (2023), which reported significant poverty-reducing effects of remittances in Nigeria. A possible explanation for this divergence is that although remittances support household consumption at the micro level, their aggregate impact on national poverty trends may be weakened by broader structural challenges within the Nigerian economy. Persistent inflationary pressures, unemployment, exchange-rate instability, insecurity, and weak institutional structures may reduce the extent to which remittance inflows translate into substantial long-term poverty reduction at the macroeconomic level. This finding therefore supports arguments in the literature suggesting that remittances alone may not be sufficient to produce broad structural improvements in welfare conditions.

The findings further show that inflation exhibits a positive relationship with poverty, although the effect remains statistically insignificant. The positive coefficient is nevertheless consistent with theoretical and empirical expectations that rising prices weaken household purchasing power and intensify economic hardship. This aligns with AlBataineh (2024), who argued that inflation and macroeconomic instability reduce the welfare benefits associated with remittance income. Similarly, Akinlo and Dada (2025) and Ojeyinka and Ibukun (2024) emphasized that the poverty-reducing effectiveness of remittances depends partly on broader macroeconomic and institutional conditions. Although inflation does not emerge as a statistically significant predictor in the present model, its positive association with poverty suggests that macroeconomic instability may still contribute indirectly to worsening household welfare conditions in Nigeria.

The most important finding of the study is that population growth exerts the strongest and only statistically significant effect on poverty among all explanatory variables. The positive relationship indicates that increases in population growth are associated with worsening poverty intensity in Nigeria. This finding suggests that demographic pressures may play a more decisive role in shaping poverty outcomes than remittance inflows or inflation during the study period. The result is consistent with broader development literature which argues that rapid population growth intensifies pressure on household resources, labour markets, infrastructure, healthcare systems, education, and social services, particularly in developing economies with limited economic absorption capacity.

The stronger explanatory power of population growth also helps explain why remittances may exhibit limited aggregate effects on poverty within the Nigerian context. Although remittances may improve welfare for recipient households, rapid demographic expansion may simultaneously increase dependency burdens and dilute the broader poverty-reducing effects of remittance inflows at the national level. Consequently, improvements in household income generated through remittances may be offset by rising population pressure, unemployment, and increasing demand for already constrained economic and social resources.

The pattern of findings suggests that diaspora remittances provide limited but important welfare support within Nigeria, particularly at the household level, but their aggregate poverty-reducing effect is constrained by broader structural conditions. The findings therefore partially support the assumptions of Transnationalism Theory, which views remittances as transnational financial flows capable of improving household welfare and supporting livelihoods in migrant-sending societies. However, the findings also suggest that the developmental impact of remittances depends significantly on domestic economic and demographic conditions within the receiving country. In the Nigerian context, rapid population growth and persistent macroeconomic instability appear to weaken the extent to which remittance inflows translate into substantial poverty reduction at the national level.

7. Conclusion

Poverty in Nigeria is shaped not only by remittance inflows but more fundamentally by broader structural and demographic pressures. Although diaspora remittances exhibit a negative relationship with poverty, indicating their potential welfare benefits, their aggregate effect on poverty reduction remains statistically weak within the Nigerian context. This suggests that while remittances may support household consumption and provide important livelihood assistance for recipient families, they are insufficient on their own to substantially reduce national poverty levels under prevailing economic and demographic conditions.

The findings further show that inflation contributes positively to poverty, reinforcing concerns regarding the effects of rising prices and declining purchasing power on household welfare. However, the most decisive factor influencing poverty in this study is population growth. The strong positive effect of population growth indicates that demographic pressure significantly intensifies poverty conditions by increasing strain on employment opportunities, household

resources, infrastructure, and social services. Consequently, rapid demographic expansion appears to weaken the broader poverty-reducing capacity of remittance inflows in Nigeria.

Theoretically, the findings provide partial support for Transnationalism Theory. While the theory correctly explains the role of remittances as transnational financial flows that support household welfare and livelihood survival, the findings suggest that the effectiveness of these transfers is strongly conditioned by domestic structural realities. The developmental impact of remittances therefore depends not only on migrant financial transfers but also on the broader macroeconomic and demographic environment within the receiving economy.

Although remittances remain important for household welfare support, sustainable poverty reduction in Nigeria requires broader structural interventions capable of addressing demographic pressure, unemployment, inflation, and weak economic opportunities. Government policies should therefore focus on improving macroeconomic stability, strengthening employment generation, expanding social infrastructure, and promoting financial systems that enhance the productive utilization of remittance inflows. This can be achieved by fostering strategic collaborations with development agencies and foreign partners while taking advantage of opportunities within the competitive global marketplace (Malam & Yakubu, 2025).

In addition, policies aimed at managing rapid population growth through improved education, healthcare access, family planning awareness, and human capital development are essential for reducing long-term poverty pressures. Strengthening financial inclusion and reducing remittance transfer costs may also improve the welfare impact of remittances by increasing the proportion of funds reaching recipient households.

Future research should further examine the relationship between remittances and poverty using disaggregated household-level data capable of capturing regional, rural–urban, and income-group differences within Nigeria. Greater attention should also be given to the interaction between remittances, inflation, labour market conditions, and demographic dynamics in shaping long-term poverty outcomes.

Although the study provides useful insights into the relationship between diaspora remittances and poverty trends in Nigeria, it is not without limitations. The study relies exclusively on secondary macro-level data and therefore does not capture household-level variations in remittance use and poverty experiences. Additionally, the interpolation of missing poverty observations may not fully reflect actual annual poverty conditions in Nigeria. Consequently, the findings should be interpreted as indicative of longitudinal relationships and trends rather than precise causal measurements.

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