

Remittances, Home Towns Association And Sustainable Development At The Communal Level: A Case Of Ikorodu North Local Council Development Of Lagos State, Nigeria

Olatomide Waheed Olowa ¹

Abstract

Hometown Associations (HTAs) are migrant organizations in host communities, with members from the same community of origin, which send collective remittances back to their hometown for community development Purposes. This study examined HTA formation and institutional partnership arrangements with Community Development Associations (CDAs) in Ikorodu North Local Council Development Area (LCDA) of Lagos State. Data were collected using semi-structured interviews conducted on 100 participants comprising migrants families, CDAs' and government officials purposively selected for the study. The findings from the study suggest there is a role for CDAs to help leverage remittances to support community development in migrant source communities in the LCDA. The results highlight the importance of HTA and CDA partnership and the need to involve beneficiaries in development projects to make sure partnership arrangements are effective. Specifically, the empirical evidence showed that institutional partnerships have potential to help HTAs evolve to become a lasting development institution.

Key Words: Collective remittances, Home Town Association, Community Development Association, Local Council Development Area, Lagos State, Nigeria.

1. Introduction

Migration is a fact of life for millions of people around the world who live in communities that do not have sufficient sources of employment for residents to simply sustain their most basic needs. Indeed, while some migration occurs for other reasons, it is most commonly a response to economic difficulties. With remittances (money sent to the household from the migrant) exceeding Official Development Assistance (ODA) and foreign direct investment in Nigeria, they are an important factor to the nation's economy. In 2013, the total amount of remittances worldwide was about triple the overall amount of Official Aid worldwide, according to the World Bank. Remittance flows to developing countries were an estimated USD436 billion in 2014, 4.4% higher than in 2013. Remittances flows have proven to be largely resilient in spite of the economic recession of recent years, and represent a high proportion of Gross Domestic Product for a large number of countries of origin of migrant workers.

Although remittances should not replace Official Development Assistance (ODA) flows, as they are private transfers of funds, their potential for poverty alleviation at a grassroots level cannot be overlooked. Many studies have pointed to the fact that the

¹Department of Agricultural Education. Federal College of Education (Technical) Akoka. Nigeria.

effects of remittances revert back to the whole community, where investments in education and healthcare, among others, translate into lower maternal mortality rates and increased literacy rates. A national civil society consultation in Bangladesh by the Refugee and Migratory Movements Research Unit (RMMRU) in preparation for the Global Forum on Migration and Development in 2014, found that only 13% of households that received remittances from migrant household members lived below the poverty line, in contrast to the 80% that did not receive remittances. Additionally, 30% of these households had savings accounts and were able to create employment by investing in agriculture, poultry and livestock farming and small-scale enterprises.

The new 2030 Agenda for Sustainable Development formally recognizes the positive contribution of migrants and diaspora for achieving sustainable development, amongst others via remittances. The Addis Ababa Action Agenda, which sets out the targets for how to finance the new development agenda, has included a specific target on reducing the transaction cost of remittances by 2030, to 3% during the Addis Ababa Summit held in July 2015.

Hometown associations (HTAs), or migrant organizations with members from the same community of origin that send collective remittances to their hometown, are not a new phenomenon, but have gained momentum and recognition in the past 15 years as viable players in the development field (Fox & Bada, 2008; Orozco & Garcia-Zanello, 2009; Rose & Shaw, 2008). Differentiated from the personal remittance, collective remittances represent the pooled donations of a group of migrants that are intended to benefit the home community in terms of development. While once considered more of a social club, there are many cases of HTAs contributing to the development of their communities through the use of collective remittances (Orozco & Garcia-Zanello, 2009; Rose & Shaw, 2008). A good example of HTA in Nigeria is the Peoples Club International (PCI) established over 30 years ago from Aba in Abia state. The PCI though initially established as a social club has over its long existence focused on sending collective remittances for development purposes with widespread branches all over Europe and America. Like any other HTAs around the world, PCI have built medical facilities, installed potable water, provided scholarships for education, and completed a multitude of other projects to contribute to the development of their home communities. Similar HTA in Nigeria is the *Egbe Omo Odua* with its base in the United Kingdom. In some communities, HTA projects have helped balance the negative effects associated with migration such as social changes caused by absent family members, loss of talent and experience and unfavorable cultural influences from the host community (Cohen, 2005; Elrick, 2008).

The positive development effects of HTAs upon their communities, made Nigerian Government in 2008 to organize migrants groups into Diaspora association with the aim of harnessing their collective remittances into development efforts. This is an example of institutionalization of HTAs clamoured in Orozco & Garcia-Zanello (2009) and Orozco & Lapointe, (2004). Recognizing their prevalence and potential, HTAs have also received attention from scholars who have evaluated their successes and failures, resulting in broad support for HTAs to form institutional partnerships to overcome their deficiencies (Fox & Bada, 2008; Goldring, 2004; Orozco & Garcia-Zanello, 2009; Orozco & Lapointe, 2004). It is thought that if more HTAs can evolve especially in rural

areas of Lagos states which are presently witnessing increased migration to the USA and Europe, they will most certainly become important development players and partner the Community Development Associations (CDAs) in this areas and may very well be able to contribute expertise and experience to CDAs project and accelerate the developments of these rural communities. Hopefully, this study will provide insightful outcome that will challenge the belief that migration does not contribute to community development. Attempt is made in this paper to underscore the complexities and nuances of HTA formation and management as they become a mainstream development vehicle, and study how partnerships can help HTAs achieve success in their community development efforts. Specifically, this study examines the following questions: Is there any support for collaborative community development projects that capitalize on remittances? What opportunities and challenges exist for HTA formation; what factors might help or hinder HTA formation within the community? What possibilities exist for forming institutional partnerships and to what extent would this help build a more successful HTA? Answers to these questions may well generate key recommendations for policy implementation on how remittances could be leveraged for community development.

2. Methodology

This study was designed to better understand the extent to which there was support for leveraging remittances for community development projects, what factors could help or challenge HTA formation, and consider possibilities for institutional partnerships with Community Development Associations (CDAs) in rural Lagos, Nigeria. This is an exploratory study using qualitative methodology which was most suitable for delving into opinions and feelings of the study participants. The CDAs are formed by coming together of residents of proximate geographical area for the purpose of self-help project towards filling the gaps in developments activities of Government within that Community. They are usually licensed by the Local Council Development Authorities (LCDAs). Data was collected using semi-structured interviews using Ikorodu North Local Council Development Area (INLCDA) of Lagos State where observed phenomenon of increased migration abroad which motivated this study was examined. Between the months of August and September 2015, about 15 rural communities and INLCDA headquarters in Isiwu were visited. Specifically, interviews were conducted with 100 individuals, including family members of migrants, government officials, and CDAs officials. An open-ended format that encouraged openness and a forum to express opinions was the most appropriate method to gather information as this study examines the community's self-assessment regarding HTA possibilities and their CDA partnership. Indeed, a closed-ended format may have exacerbated cultural and language limitations already inherent in the study. Therefore, the data collection was focused on the potential for leveraging remittances sent by migrants in developed countries for community development. These migrants represent the recent trend in migration from the area, which is causing a very visible difference in the community. Therefore, interviews with 50 families of migrants which were limited to families living in the INLCDA headquarters in Isiwu and Itamaga area and 3 members of executives of 15 CDAs each and 5 Community Development Officials aggregating to 100 participants,

purposely selected were interviewed. While there are no official data recorded on migrants, information about registered CDAs were properly documented in the INLCDA.

Families receiving remittance payments were asked about how they spend their remittances and how they feel about spending on sustainable development projects, what they see as the opportunities and challenges within their community in developing a formal system of using collective remittances for development projects, and their opinions about CDA helping to form HTAs. Additionally, CDA leaders were asked about helping to form HTAs, their interest in the topic, their concerns, and ideas for facilitating community development through collective remittances.

All interviews were intended to gain an understanding of whether the community is interested in a collaborative effort to counter the negative aspects of migration by capitalizing on the community development potential of remittance payments, and if so, what challenges will need to be overcome to achieve this collaboration, what opportunities are present to start the process, and whether there is support and help available through HTAs in partnership with CDAs and government. Actual use of remittances, plans for creating a sustainable source of income, and reflections on how remittances are affecting the community were used as measures of how the CDA views remittances - whether they consider them an individual or community benefit, and as a source of income or possible investment. To measure interest in forming an HTA and considering the existing opportunities and challenges, participants were asked what they thought of the HTA model in general, their opinions about interest levels on the part of both migrants and the townspeople, and what opportunities and challenges were present in the community that would affect HTA formation. Questions about selecting the best local counterpart, benefits and risks of partnering with the government and/or NGOs, and needs assessment/project selection were posed to measure the feasibility of institutional partnership arrangements helping to initiate and manage an HTA and community-led development project.

3. Analytical Technique

Data was analyzed using a theme-based approach. Interview questions were grouped by the general research questions, such as whether residents believed there would be sufficient support for community projects enabled by collective remittances, what challenges and opportunities exist for HTA formation, and who would be an appropriate partner organization. For each individual question, all responses were brought together and themes were identified. Within those themes, results were tallied, with all responses being included even if a separate category was required for one specific response. Grouping responses by themes and tallying answers were first completed separately for the two sub-groups "families of migrants" and "CDA leaders" and then both groups were combined. This allowed for identifying any major convergences in opinions between the two groups before reporting on all participants as a whole. The "CDA leaders" subgroup was reviewed as well to look for any major differences within that group.

Descriptive statistics such as frequency count and percentages were used to describe the

collated data and give insight into leveraging collective remittances for community development. Although the findings of this study might be relevant to other communities in Lagos state, the results cannot be generalized to the entire population since a probability sample was not used. As well, the sample size used for the case study was fairly small due to resource and time constraints. However, interviews were conducted to the point that general trends were apparent.

4. Findings

The results of the analysis is presented in the following sub-paragraphs First, is Characteristics of the migrant population as represented by the heads of household and detail current remittance usage, observations of remittance use throughout the community, and thoughts about earnings sustainability. This is followed by community development needs, opinions about HTAs and the possibilities for forming one in IKNLCDA, and thoughts on community collaboration on development projects. Finally, findings on participants' feelings about different local counterparts and partner arrangements to help the likelihood of a successful HTA organization are presented.

4.1 Characteristics of Migrants and Remittance Spending

Table 1 presents Characteristics of the migrant population as represented by the heads of household and current remittance usage. The interview of family members of migrants, revealed basic demographic and relatively objective information about 50 migrants including the decision to migrate in order to give a sense of the migration situation in the Council area (Table 1). All participants reported that they were receiving remittances from a family member working abroad. Over 80% of the migrants as revealed by their household heads were male and have been abroad for an average of 2.75 years. Most household heads (77%) reported that their household migrant(s) intended to return to IKNLCDA rather than settling permanently abroad. The family's economic situation was overwhelmingly the impetus for migration. Nearly 45% of heads reported using migration as a strategy to simply cover their basic needs, and over two-thirds see migration as their only opportunity to improve their economic situation beyond fulfilling very basic needs. All of the migrants send a monthly remittance to their family in IKNLCDA, with an average remittance of \$150.

Table 1: Characteristics of Migrants (represented by head of household, n = 50)

Variable	Value
Sex	
Male	81%
Female	19%
Average Age	29 years(min = 23, max = 48)
Migrant's relation to current head of household	
Father	16
Son	16
Sister	6
Husband	3

Daughter	3
Uncle	3
Brother	3
Average length of time migrant has been absent (to date)	
	2.75 years (min = 1, max = 5)
Permanence of Migration	
Temporary	77%
Permanent	15%
Unsure	8%
Reasons for migrating (<i>more than one reason often given</i>)	
Fulfill basic needs	44%
Improve economic situation beyond basic needs without debt accumulation	69%
Better future for kids/education	13%
Adventure/leave Nigeria	6%
Build capital to improve business	6%
Average monthly remittance	
	\$150 (min = \$100, max = \$500)
Remittance spending (<i>more than one answer often given</i>):	
Basic consumption	69%
Improve home	75%
Increased consumption of non-basics	19%
Savings	25%
Education (college)	19%
Debt (including debt incurred to travel to host country)	19%
Invest in business	6%
Considered using remittances to create sustainable earnings	
Yes	44%
No	56%

Source: Field survey

Remittance spending patterns generally align with the reasons given for the initial decision to migrate. Nearly 70% of the families use a portion of their remittance to support their basic needs while 75% improved their home with it. Just 25% of participants reported saving any of their remittances and only one responded that they were currently investing in a business. A few migrants are funding their children's higher education, which can be considered an investment in human capital, but the greater part of the remittances received by the families in the study support increased consumption. Less than half of the participants reported even considering how they might use remittances to create a sustainable form of earnings, and most who had thought about sustainability did not have a firm plan.

4.2 Opinions about How Collective Remittances Can Help Address Development Needs

Views on community development needs and whether collective remittances could help address those needs is shown in Table 2. The analysis of these views revealed lack of employment; sewer, waste water and sanitation deficiencies; and poor housing conditions as the top three concerns. In terms of grouping, the community leaders, government officials, and NGO workers sub-group, had education as their highest concern which was not mentioned by any of the families. The leadership sub-group also mentioned some factors that they felt contributed to the poor employment situation, such as lack of job training and an environment of only service-based work. Potable water was mentioned by a government official, but not by any of the families receiving remittances.

Table 2: Community Development and How an HTA Could Help Address Needs (n = 100)

Variable	Value
Greatest development needs or issues in community (<i>some provided more than one response</i>):	
Potable water	5%
Employment	48%
Sewer/waste water/sanitation	38%
Poor housing	29%
Education/no scholarships for higher education	24%
Lack of healthy activities for kids & all citizens	24%
Political division & politicization of aid	14%
Healthcare	14%
Street repair & development	14%
Poverty	14%
Homelessness	10%
Lack of investment opportunities & healthy economy	10%
Lack of job training	10%
Only have service-based work	10%
Lack of technology	5%
Care of the elderly	5%
Care of land/environment	5%
Water for irrigation/food security	5%
Factors in community that would contribute to successful HTA formation (<i>some provided more than one response</i>)	
Willingness of citizens to help others & interest in improving town	71%
Good relationship between migrants & current local Council government	52%
Interest/initiative of current government	24%
High rate of immigration	10%
Factors that would challenge successful HTA formation (<i>some provided more than one response</i>)	
Gaining acceptance of concept & confidence in proper use of money & transparency	52%
Lack of experience establishing & managing this type of project	29%
Divisive political situation	29%
Migrant lack of interest	29%
High rate of Unemployment	5%

Perception of migrant willingness to form HTA & send collective remittance	
Yes, would contribute	71%
Some would contribute	19%
No, wouldn't have sufficient participation	10%
Perception of townspeople willingness to contribute labor & time to a collective project funded by an HTA	
Yes, would contribute	76%
Not sure	14%
No, wouldn't participate	10%
What types of projects you believe an HTA should focus on (<i>some provided more than one response</i>)	
Services/basic needs for most impoverished or homeless	33%
Center/activities for kids and adolescents	29%
Education (scholarships, boarding, improvements)	24%
Elderly care center	24%
Business development & support, capital, creating a market	19%
Housing	19%
Waste water system/sanitation	14%
Food security	10%
Capacity building (project evaluation, participative methods, development process)	10%
Community day care	10%
Street repair	10%
Improve library	10%
Improved healthcare	10%
Improve park	5%
Potable water	5%
Infrastructure	5%
Tourism	5%
Participants knew about previous HTA attempt	
Yes	30%
Knew migrants were sending donations, but knows little or doesn't believe group organized enough to be considered as HTA	30%
No	40%

Source: Field survey

The metropolitan nature of Lagos state and the attendant concentration of infrastructure at the centre when compared to rural part with high population density gives insight to the complications that might arise with needs identification and aid projects. All participants liked the HTA concept and believe that it generally would be a successful model to contribute to community development. Many reasons were provided as to why the HTA model seemed useful, but the common themes were that participants recognized and liked the idea of the town helping themselves and they felt that it made sense to take advantage of the high level of remittances as an impetus to collaboratively address the most urgent needs of the community. The leaders sub-group frequently mentioned that HTA projects, if organized right, could build solidarity for the town

through citizen participation in the community's development.

Participants identified three main factors that currently presented opportunities for forming a successful HTA and embarking on collaborative community projects in IKNLCDA. One is good relations between migrants and the government. Government at all levels are encouraging diaspora activities and would be ready to give their support to forming any group or sub-group as off-shoot for the purpose of development. Two is, High level of citizen participation and overall interest and willingness to improve their community with over 70% subscribing to this. Three, high rate of migration. The more migrants there are, the higher is the potential to raise a substantial collective remittance.

Participants were also asked to consider what challenges or circumstances were present that might hinder the formation and success of an HTA and resulting community projects in IKNLCDA. The most frequently mentioned challenge (52%) appears to be gaining acceptance of the concept and organizing people around the idea in a way that gives them confidence about proper use of funds and transparency. Over 40% of remittance-receivers were concerned about responsible use of the money and transparency, while the majority of the leaders sub-group raised the challenge of lack of experience managing this type of project and the divisive political environment which might hinder full participation. When asked to speculate on whether the migrants would be willing to form an HTA and send periodic collective remittances, 90% believed that some or most migrants would be interested. Several from the sub-group of leaders did clarify that they would anticipate participation under the conditions of proper organization and planning. Over three-fourths (76%) of participants also indicated that they think that the townspeople would donate labor and time to complete projects funded by migrants' collective remittances. This belief was largely supported by the fact that many aid projects stipulate conditions that the recipients contribute labor and the CDAs are accustomed to this practice.

The final research question posed in this study was in relation to the community's ideas for organization and partnering to help build more successful HTA relationships and projects. It is encouraging that all participants embraced the idea of partnerships as part of a successful HTA. There is certainly a culture of working with NGOs which likely influences the acceptance of working with a partner.

Conclusion

The paper explores possibility of leveraging collective remittances for development of local community in the study area; and how to ensuring sustainability of remittance flows to migrant source community and developmental efforts of CDAs through formation of HTA; and whether there are any support for collaborative community development projects that capitalize on remittances. The opportunities and challenges that exist for HTA formation and factors that might help or hinder HTA formation within the community were examined. Evidence from the study shows that participants see great development prospects in increased collective remittances and partnership between CDAs and HTAs. Formation of HTA becomes catalyst for meeting development gaps in the community as members indicated willingness to collaborate by supplying required skills as counterpart contribution to community

projects. Against this background measures that will enhance remittances flow, HTA formation, institutional partnership between CDAs and HTAs should be promoted while measures that reduce cost of transfer and bureaucratic impediment to banking services connected with remittances transfer recently introduced by the Central Bank of Nigeria should be downplayed so that the role of remittances in enhancing financial inclusion and rural development can be properly unleashed.

References

- Cohen, J. (2005). Remittance Outcomes and Migration: Theoretical Contests, Real opportunities. *Studies in Comparative International Development*, 40(1), 88-112.
- Elrick, T. (2008). The Influence of Migration on Origin Communities: Insights from Polish Migrations to the West. *Europe-Asia Studies*, 60(9), 1503-1517.
- Fox, J. & Bada, X. (2008). Migrant Organization and Hometown Impacts in Rural Mexico. *Journal of Agrarian Change*, 8(2/3), 435-461.
- Goldring, L. (2004). Family and Collective Remittances to Mexico: A Multi-dimensional Typology. *Development & Change*, 35(4), 799-840.
- Orozco, M. & Garcia-Zanillo, E. (2009). Hometown Associations: Transnationalism, Philanthropy, and Development. *Brown Journal of World Affairs*, 15(2), 57-73.
- Orozco, M. & Lapointe, M. (2004). Mexican Hometown Associations and Development Opportunities. *Journal of International Affairs*, 57(2), 31-49.
- Rose, S., & Shaw, R. (2008). The Gamble: Circular Mexican Migration and the Return on Remittances. *Mexican Studies*, 24(1), 79-111.