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State, Diaspora, and Development: What role does the state play in diaspora direct investment? Case Study: Nigeria



Masters Research Report

A research paper submitted to the faculty of Humanities University of Witwatersrand, Johannesburg in partial fulfillment of the requirements for the Degree: Master of Arts (Development Studies)

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Course Code: SOSS 7040A

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Abstract

This paper examines the role that the Nigerian state plays in diaspora direct investment by analyzing government policies that either create a market for diaspora Direct Investment or potentially hinder diaspora direct investment by using Nigeria as a case study. The Diasporas are seen as a link between the transfer of goods, capital, and information between their country of origin and their destination countries. The state-diaspora relations demonstrate where and how this link may be utilized for the economic development of developing countries. This paper analyses 3 key areas that constitute diaspora and development. Firstly, diaspora engagement by analyzing the development of the Nigeria diaspora networks in the United Kingdom, France, and Canada. By discussing the perceptions of the Nigerian diaspora of the government, their current development practices, and their obstacles to investing in their home countries. Secondly, this paper will discuss the state diaspora relationship and policy initiatives developed by the Nigerian government that engages the diaspora and mobilize diaspora capital for development through the diaspora bond initiatives and investment fund targeted at the diaspora.

Keywords: Diaspora, Development, Direct Investment, The State, Political participation, economic development. Diaspora Finance, Nigeria.

University of the Witwatersrand, Johannesburg

School of Social Science

SENATE PLAGIARISM POLICY

Declaration by Students

I **Phumla Ifeoma Eneanya** (Student number: **1613449**) am a student registered for a **Master of Arts in Development Studies** in the year **2022**. I hereby declare the following:

I am aware that plagiarism (the use of someone else's work without their permission and/or without acknowledging the source) is wrong.

I confirm that ALL the work submitted for assessment for the above course is my unaided work except where I have explicitly indicated otherwise.

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I understand that the University of the Witwatersrand may take disciplinary action against me if there is a belief that this is not my unaided work or that I have failed to acknowledge the source of the ideas or words in my writing.

Signature:  Date: **22 June 2022**

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I would firstly like to Thank God Almighty. One thing about God? He will perfect the work with which He has started. A Master's Degree in a WHOLE Pandemic. It can only be God.

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Chapter 1: Introduction

1.1 Introduction

To understand the connection between the diaspora and development within the global economy we must understand the diaspora as key component of the development process for developing countries. The movement of money and the investment made by the diaspora population back home could either, be positively or negatively be deployed in their home country. The diaspora is seen as an unutilized resource for development, however, to utilize their resources beyond remittances the role of the state needs to be assessed (Gamlen, 2014). In 2016, The Nigerian Federal Government has identified its diaspora population as a key source of Nigerian Development and has thus developed the 'National Policy on Diaspora Matters. The document was established on the premise of "harnessing and managing Nigerian human capital resources that are outside the country" (Kalu, Bazza, & Omojola, 2019, p. 2). The utilization of the investments is largely dependent on the Nigerian state government's desire to promote national development with Diaspora as key actors and equally the diaspora's desire to want to engage with the state for national development.

The discourse surrounding the concept of Diaspora and development is built on the Diaspora's economic contribution to their home country largely through remittances. For example, the Nigeria diaspora remitted $14.2 Billion for the year 2021 and is set to increase for the year 2022 given the lifting of the Covid-19 restrictions (Komolafe, 2022). This research intends to look at the diaspora's contribution beyond remittances. This is through Diaspora Direct investment. According to the USAID (United States Agency for International Development) report, diaspora direct investment (DDI) is a larger transnational superstructure that contributes to the integration of societies within the global economy through donations, small and large investments, trade, tourism, and unilateral transfers from the country's diaspora network (Debass & Ardovino, 2009). The inclusion of the diaspora network is largely rooted in adding perspective to the development paradigm. By analyzing the diaspora as actors within the development discourse, this research equally aims to analyze the role of the state as enablers and facilitators or a potential hindrance to diaspora direct investment from the diaspora network.

1.1 Study context

This research falls into the field of International Political Economy. It explores the nexus between the Diaspora and Development, and the importance of remittances and diaspora investment for developing countries within subs- Saharan Africa. “The relationship between the diaspora and development has been influenced by the recognition of the social and economic value of migrant exchanges and their contribution to the economic development of their countries of origin.” (Pellerin & Mullings, 2013, p. 90). The diaspora is characterized by emigrants who have a greater impact on the social and economic development of their countries of origin through remittances and direct investments (Gnimassoun & Anyanwu, 2019) (Gelb, Kalantaryan, McMahon, & Perez - Fernandez, 2021). The diaspora as key non-state actors of development and their socio and economic development through remittances and direct investment is largely centered around the state (their country of origin) to recognize the value of that diaspora population, and therefore create a conducive environment for diaspora investment. From this premise, exploring the role of the state in enabling or hindering diaspora direct investment takes a decolonial approach to investment/development challenges in Africa offering an alternative solution to Foreign direct investment.

1.2 Background of the Study

1.2.1 Migration and Development

The study of Migration and development emerged as a guide to economic development in developing countries. Migrant communities are crucial actors within the post-Washington consensus development discourse (Pellen & Mullings, 2012). The Washington consensus was presented to sub-Saharan Africa as the blueprint for economic development and sustainable growth. According to (Babb, 2012), the Washington consensus was not a product of intellectual discussion but was legitimized by its implementation with little to no consideration of the context in the places in which policies were implemented. The Washington consensus outlines that the growth of any economy is certain once it follows the following guidelines. A competitive exchange rate that allows the currency to be governed by the invisible hand of the international market, trade liberalization, tax reform, increases FDI (foreign direct investment, privatization, and deregulation lessening government involvement and property rights (Babb, 2012).

As a result of the Washington consensus policies and the lack of context concerning implementation, many sub-Saharan African countries be unable to develop and structure their markets to attract Foreign Direct Investment and embrace free-market theories. This was largely due to the lack of knowledge and context of the state, market, global market, and that will therefore affect the sustainable accumulation of capital for economic development (Pellerin & Mullings, 2013).

Migration and development are centered on finding or creating an avenue for the sustainable accumulation of capital. This is done through the transfer of knowledge, human capital, and the capital flow of migrating communities. “Development strategies need to be geared towards creating capacities to absorb and adapt knowledge which can be achieved through the investment of human capital and technologies that create an avenue for the distribution of knowledge [of the various markets] and local knowledge” (Pellerin & Mullings, 2013, p. 95). The demise of the stringent Washington consensus policies that created a dependency on western capital reserves, the inability to disseminate the transfer knowledge of the markets to developing sub-Saharan African countries has meant that the nexus between migration and development need to be rooted in finding and capitalizing on alternative actors of development.

For development in developing countries to be sustainable, there is a need for state intervention, market fundamentals, and social relations among state and non-state actors to contribute to new strategies of development and economic development through capital accumulation. According to (Pellen & Mullings, 2012), this can be done by capitalizing on the innovative and transnational forms of community socially, politically, and economically under the avenue of migration and development. Development institutions equally play a crucial role in the dissemination of knowledge in various ways (which is not the center of this research but is an equal and important actor). Development institutions such as the United Nations and African Union play the advisory role to the state in sending countries to tap into the networks of their diaspora because they act as “bridges or links” and it is through the diaspora that additional capital flows can mitigate declining FDI revenue and the other avenues that contribute to development (Pellerin & Mullings, 2013).For instance, The United Nations has stated that capitalizing on diaspora finance is essential for development and achieving sustainable development goals (Gelb, Kalantaryan, McMahon, & Perez - Fernandez, 2021)

1.2.2 Diaspora Financing: Remittances and Diaspora Direct Investment

Diasporas are essential foreign investors in many developing countries and thus serve as development agents in these developing countries. “A substantial amount of human capital is lost to migration and might be recovered in other ways: remittances and Diaspora direct investment (Amendolagine & Coniglio, 2014, p. 5). Understanding the diaspora as development agents is largely through methods of contribution mostly through the transfer of skills and knowledge but also through diaspora investment and finance. Asset-producing financial instruments that the diaspora and their descendants invest in their home countries serve as a means of capital accumulation and assist in the development of their country of origin if utilized efficiently by their government (Gelb, Kalantaryan, McMahon, & Perez - Fernandez, 2021). Diaspora finance and investment is an umbrella term that reflects two main methods of their contribution: remittances and diaspora direct investment.

Remittances are a one-way transfer of capital while Diaspora direct investment is a two–way transfer of capital that is beneficial to both the investor and the government for development. According to (Gelb, Kalantaryan, McMahon, & Perez - Fernandez, 2021), remittances refer to the interpersonal financial transfer between migrants, their families, and civil society organizations in their country of origin while diaspora investment refers to asset – transferring mechanism that channels finance from diasporas to private and public sector organizations and agencies. From this premise, additional sources of capital are key to capital scarce developing countries.

The diaspora as development agents and their contribution to the development of their local economies is largely dependent on the policies that should enable the participation of the diaspora in developing countries. It is the task of the government in the global south to get to know their diaspora population, mobilize them and build the capacity for the diaspora to contribute to the development of their homeland (Page and Mercier 2018). From this premise, this paper will look at the role of the Nigerian state play in diaspora direct investment and the policies that the government established to either enable or hinder diaspora direct investment.

1.3 Problem statement

This research paper aims to look at 3 key problem areas concerning diaspora and development. Firstly, the dependence on FDI as a source of sustainable development for developing countries, secondly diaspora and development discourse is centered on remittances, and lastly, the role of the state in this dynamic to either hinder or enable diaspora direct Investment. Firstly, depending on FDI, development aid and the over-saturation of foreign investors in developing countries do not contribute to the sustainable development of countries in the global south. According to (Amendolagine & Coniglio, 2014, p. 5), "policymakers should also be aware of the risk of attracting foreign investors into economic enclaves that are more proximate to the investor country than the socio-economic system of the host one". There needs to be a policy shift from creating economies that are dependent on FDI and foreign investors as key actors of development to looking at the economic benefit of diaspora investors within the economy of their home country to create sustainable economic development and growth. Secondly, Diaspora and Development discourse is largely centered around remittances. The focus on remittances only tells a single story on the role of the diaspora as development agents. The problem lies in the fact that the discourse on remittances only refers to the consumption of the capital brought to the migrants households and does not look at the holist and long-term aspect of development. And lastly , discourse on diaspora and development focuses on the role that the diaspora plays in the development process through remittances and diaspora direct investment. However, within this network, the role of the state and its various institutions is still put into question. The state is an important factor in the developmental process of an economy. The state's perception of its diaspora population plays a role in the state potentially enabling diaspora direct investment or state possibly hindering diaspora direct investment. This research intends to assess the state's relationship with the diaspora network beyond the financial and human capital gains but the factors that might potentially hinder diaspora direct investment or enable diaspora direct investment.

1.4 Research Objectives

This study will assess the role of the state in diaspora direct investment by analyzing the Nigerian government's public policy towards its diaspora, the Nigerian diaspora's perception of the Nigerian government in their investment efforts.

1.5 Research Questions

The main question of this research is:

What role does the Nigerian state play in diaspora direct investment?

Sub Questions:

1. What are the perceptions of the Nigerian Diaspora populations of its government, and how does this shape their decision to invest in their home country?

2. What mechanisms or policies are in place to facilitate diaspora investment in Nigeria and how effective are they?

1.4 Research Significance

This research contributes to the decolonial approach to development discourse outside of the Washington consensus development blueprint. This will be done by finding alternative revenue-generating capital flows that could equally boost local industry and promote holistic development in developing countries by capitalizing on local investors. And secondly, analyzing the role of the state within this framework and its policies to enable such development or hinder such development. Macro-economic policy failures and institutional limitations are equally important to the success of diaspora direct investment or the failure in the long run.

Chapter 2: Literature Review

2.1 Introduction

This literature review is developed under the guise of the development theory which looks at the intersectionality of the community, state, and the market as a means of further analyzing the role of the different actors in diaspora and development (Faist, 2008). This literature review will firstly, the Migrant Network Theory in understanding the development of migrant networks. Secondly, how academics and policymakers view the role of the diaspora as development agents by looking at the essential role of the community in development discourse and further analyses 'who' the diaspora community is, 'what' the role of the diaspora is in development, 'how' and 'why' they chose to invest and contribute to the development of their country of origin. And secondly, the activities of the diaspora and their engagement in development specifically through diaspora finance and outlining the political economy of diaspora finance. And lastly, the state and public and foreign policy toward the diaspora and various institutions that serve as enablers and potential hindrances to the development process and diaspora's decision to invest in their home country.

2.1.2 Migrant Network Theory

The migrant network theory looks at the development of diaspora networks and their connection to their home countries is essential in understanding the development of these networks, reasons for investment, and the idea of collective agency when it comes to the development of their home countries. This theory assesses the relationship between the individual migrants and the question of collective agency that exists between the migrants to "challenge structural constraints such as poverty, social exclusion, and government restitutions" (Castles, de Haas and Miller 2014, p. 39). The migrant agency creates social, economic, and cultural structures that aim to create a network of migrants that can contribute to the development of their communities and states. This theory serves to conceptualize the relationship between the diaspora network and the state to contribute to the development of the state through possible investments. In addition, this theory highlights that the relationships migrants maintain with other migrants and family and friends back home lead to the emergence of social networks that form the basis of diaspora networks (Castles, de Haas, and Miller 2014).

These networks create the initiation process of migration since the essence of community within these networks create to reduce the costs of migration making it easier for other migrants. The continuation of this process creates transnational communities due to the fact the interpersonal ties that are created that connect migrants to former migrants within the destination areas through bonds of kinship, friendship, and shared community origin (Castles, de Haas and Miller 2014, 40). From this premise, the development of diaspora networks, and their connection to their home countries is essential to understanding the role of the diaspora as development agents.

2.1.3 The Role of the Diaspora as development agents

> "Diasporas are migrants who proactively maintain psychological, communicational, and sometimes material ties to their countries of origin (Brinkerhoff, 2011, p. 37)"

The role of the diaspora as development agents stems from literature looking at the role of transnational networks and migration under the concept of community as the basis for collective development and the formation of transnational networks. The idea is that the concept of the community depends on the social order that benefits from the rights and duties attached to members of the collective (Faist, 2008). From this premise, shared identity, the collective rights, social benefits, and duties of the diaspora are dependent on the concept of community and creating a collective identity in which they can collectively contribute to development.

Development discourse on the roles of the diaspora as development agents can be understood through analyzing concepts of diaspora, diaspora networks, and development as key aspects of many developing states with a large diaspora population (Williams & Mohan, 2002). Understanding the diaspora as development agents are rooted in understanding 'who' the diaspora is within the development process, 'what' their role is as development agents, and lastly "how" they can contribute to the development process. Early literature on diaspora populations defines the diaspora, as "transnational populations living in a country other than their country of origin, but with ties to the country of origin" (Elo & Riddle, 2016, p. 14). The diaspora as transnational populations assists in understanding their role as development agents through the activities that they conduct within the global system.

The United States Agency for International Development “defines the diaspora as 'social-political formation' that has been created because of voluntary migration or forced migration, and thus regards themselves as being of the same ethnonational origin and often permanently reside as minorities in one of several host countries” (Debass & Ardovino, 2009, p. 6).As a 'social-political formation', the diaspora can be seen as products of migrant networks (Debass & Ardovino, 2009). Within these transnational networks, the diaspora contributes to the development of not only human capital but also the development of financial capital through the form of remittances and investments in their home countries, at this point the diaspora can be seen as economic actors (Hack - Polay & Siwale, 2018) (Debass & Ardovino, 2009). Understanding the diaspora as economic actors are rooted in understanding the diaspora from the view of the individual member of the diaspora population, and equally from the collective diaspora as this distinction dictates their behavior and motivations as development actors and potential investors within their home countries (Debass & Ardovino, 2009) (Brinkerhoff, 2011) (Elo & Riddle, 2016).

As an individual, who is part of a large group of a migrant network, their role as a development actor and economic actor may be informed by their nationality, gender, education, family setting, and socio-cultural embeddedness from this premise their behavior is informed by economic benefit and profit through the form of remittances to their direct family members to solely change the standard of living for their immediate family members (Elo & Riddle, 2016). The collective diaspora population is largely viewed as institutional investors who can be motivated by opportunity and profit related to homeland development and innovation (Elo & Riddle, 2016). When it comes to diaspora networks and their contribution to the development of their home countries, familiarity breeds investment, and return migration contributes to the transfer of not only capital through remittances and investment but also the transfer of knowledge and skills which intern plays a role in the allocation of capital for development (Leblang, 2010). The reasons why the diaspora choose to invest in their home country go beyond the idea that familiarity breeds investment but is dependent on four different reasons which have a direct effect on how they choose to contribute to development: ethnic advantage, social embeddedness, social return, and emotional returns (Ayanruoh, 2018). Just like most investors, the decision to invest needs to be (to a certain extent) driven by individual and sometimes collective interests that have a sure guarantee that they will get a return on investment. For the diaspora as “local investors” and agents of development, there are factors that motivate their decision to want to invest and contribute to the

development of their home countries. The first reason is 'ethnic advantage'. Ethnic advantage states that diaspora members have a certain element of knowledge and social capital in comparison to foreign investors, and this, therefore, has an impact on their expectations when it comes to their investments (Ayanruoh, 2018).

Ethnic advantage equally highlights that diaspora investors are less prone to risk as they have an advantage over not only the consumer market but also the needs of their country of origin as far as sustainable development is concerned (Gillespie et al., 1999). The second reason is 'social embeddedness'. Social embeddedness revises the idea of community and the strength of the diaspora member's network ties within their community and their homeland (Ayanruoh, 2018) (Petrzelka & Bell,2000). According to (Ayanruoh, 2018, p. 6), the intensity of a diaspora member's "community effect," or his/her emotional identification attachment to the diaspora community in the country of residence and the homeland, might impact their social and emotional return expectations." The third reason is "Social returns". Social returns look at the aspect of social recognition within the diasporic community and a sense of belonging within that community and in their country of origin (Nielsen & Riddle, 2007). This literature review further looks to illustrate how the diaspora community contributes to development by looking at the Political economy of diaspora Finance. From this premise, the diaspora direct investments made by the collective diaspora population are key to understanding their role as development agents and their contribution as economic actors.

2.2 Political Economy of Diaspora Finance

"One dollar of diaspora investment might differ from one dollar investment" (Amendolagine & Coniglio, 2014, p. 7)

The political economy of migration and diaspora direct investment capitalize on the contributions made by diaspora networks that are interested in developing their home countries by setting up business ventures and investing in their human capital. The financialization of diaspora networks through remittances and other forms of investment is largely informed by the desire to modernize and develop their home countries (Page & Mercier, 2012) (Elo & Riddle, 2016). In conceptualizing diaspora and development, (Page & Mercier, 2012) argue that modernization justifies a conception of diaspora remitting these more advanced values to their homeland through transnational linkages and the global north is often imagined as the location for development.

Development discourse to a large extent has been centered around the contribution of Foreign Direct Investment (FDI) as the only beneficial source to sustain growth and development in developing countries given the fact that they constitute the ideal developmental model of development (Amendolagine & Coniglio, 2014) (Pellerin & Mullings, 2013). An alternative to FDI could be diaspora finance and investments as a means of sustainable development for developing countries with large diaspora populations.

Diaspora finances serve as an alternative FDI (Foreign Direct Investment) given the limited capabilities of FDI and its inability to create sustainable cash flow links between the investors and local economies. Diaspora populations have a higher chance of creating viable and sustainable linkages to the local economies. According to (Amendolagine & Coniglio, 2014), linkages refer to the value and the structural change that is often assumed to only come from foreign investors and thus argues that the same linkages can be created by diaspora investors as they contribute to knowledge creation and can contribute to the local economies of their homeland. From this premise, the diaspora as economic actors, diaspora entrepreneurs, and investors as important sources of capital and innovation in the global economy by bringing in knowledge from the global north into the global south as a means of investment (Elo & Riddle, 2016).

"Diaspora Finance mechanisms can also benefit macro-economic objectives such as impacting on a country's foreign exchange reserves or sovereign credit rating or microeconomic objectives such as the skills, employment or income level of individuals." (Gelb, Kalantaryan, McMahon, & Perez - Fernandez, 2021, p. 29). Mobilizing diaspora capital in two ideas; remittance and Diaspora direct investment

Flow chart illustrating the various channels of diaspora finance: Remittances and Diaspora Direct Investment

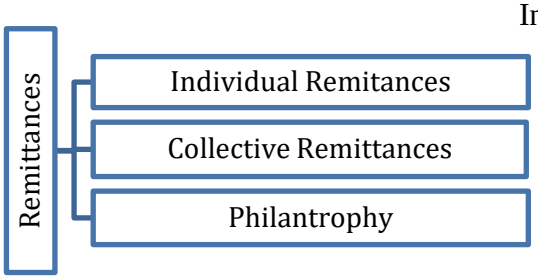


Figure A: Diaspora Finance: Remittances (Micro Development – One-way transfer)

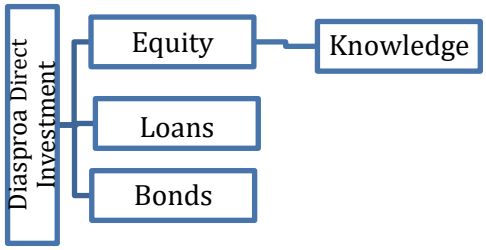


Figure B: Diaspora Direct Investment (Macro-development – Two-way transfer)

Source: adapted from (Gelb, Kalantaryan, McMahon, & Perez - Fernandez, 2021)

2.2.1 Remittances

Literature on the harnessing of diaspora capital for development has largely been centered on remittances as the main source of income from migrant populations since international data is systematically collected and analyzed by international organizations and private and public sector organizations (Gelb, Kalantaryan, McMahon, & Perez - Fernandez, 2021) (Faal, 2019). Literature on global remittances looks at how this remittance flows with regards to the consumption and the productive uses of this capital and the evolution over time. According to (Gelb, Kalantaryan, McMahon, & Perez - Fernandez, 2021), remittance flows are assumed to be more stable and secure than other financial flow but is also equally dependent on the economic situation in the country of origin of the migrant as they will therefore increase support to their families in their home country. And from this premise, remittances are seen as a one-way development transfer which is from the migrant to their households. Remittances are usually used for the consumption expenditure of the migrants' households then as a means of investment expenditure for developing countries that receive these funds (Gelb, Kalantaryan, McMahon, & Perez - Fernandez, 2021). Figure 1 shows a flow chart that looks at the various channels of remittances as a means of diaspora finance and illustrates Individual remittances, collective remittances, and philanthropy.

Individual remittances refer to the remittances from a single migrant to their household and often use a money transfer agent which in many cases is a formal financial institution or even a private company that takes a percentage from every amount sent (Gelb, Kalantaryan, McMahon, & Perez - Fernandez, 2021). The second is collective remittances which refer to the diaspora communities that are put only together to send to their various communities and as a means of community development and the last will be Philanthropy as a form of donations and community development which is carried out by the diaspora population (Gelb, Kalantaryan, McMahon, & Perez - Fernandez, 2021). Another method of diaspora finance is diaspora investment which looks at the development of not just a migrant's household and community but is a diaspora finance mechanism that looks at development at a macro scale.

2.2.2 Diaspora Investment Mechanisms:

Literature with regards to diaspora finance was developed to analyze the contribution of developing countries diaspora contribution beyond remittance and equally includes more actors and stakeholders with an interest in receiving a return on investment. Diaspora investment is seen as a two- or multiple-way exchange that involves the idea of a return on investment made by the migrant and investment that contributes to the development of their country of origin (Amendolagine & Coniglio, 2014) (Gelb, Kalantaryan, McMahon, & Perez - Fernandez, 2021). Due to the multiple ways in which the diaspora investments can be carried out, (Gelb, Kalantaryan, McMahon, & Perez - Fernandez, 2021), outline four types of diaspora investment which are equally represented in the flow chart illustrated in figure 1. The four types of diaspora investment are equity, loans, bonds, and knowledge-based mechanisms.

2.2.3 Equity

The first diaspora investment mechanism is equity. Equity refers to the shares in a private enterprise that is owned by an investor, these shares are tradeable on the stock market and only have a claim on the borrower's income which is the profit (Gelb, Kalantaryan, McMahon, & Perez - Fernandez, 2021). Equity investments are usually in different forms and are largely dependent on the motivating factors of both the user who requires the investment and the user who invests. From this premise, there are two types of mechanisms of investment under equity: Transnational Corporate Investment and Private Equity and capital funds (Gelb, Kalantaryan, McMahon, & Perez - Fernandez, 2021).

According to (Gelb, Kalantaryan, McMahon, & Perez - Fernandez, 2021), transnational corporate investment and Private Equity and capital funds are two mechanisms of equity investment. Transnational corporate investment refers to the firm established by diaspora members that are present in their country of destination or a third country, within this firm decision-making power lies with the diaspora owners (Gelb, Kalantaryan, McMahon, & Perez - Fernandez, 2021). The second type, private equity, and capital funds are seen as a form of diaspora direct investment, "Diaspora Direct investment is a part of a superstructure contributing to the integration of societies into the global economy via interconnectedness of donations, small and large investments, trade, tourism and unilateral transfers (Debass & Ardovino, 2009, p. 6)". Within diaspora direct investment there is an existence of Diaspora Portfolio Investment (DPI). DPI is seen as an

investment made by the diaspora in their country of origin, in which the diaspora members carry a small portion of the profit and therefore have no direct influence on the activities of a particular business (Gelb, Kalantaryan, McMahon, & Perez - Fernandez, 2021). In this case, the diaspora is mainly silent investors or shareholders in the business. From this premise, there are two types of DPI: Individuals shares and Diaspora Mutual Funds (Gelb, Kalantaryan, McMahon, & Perez - Fernandez, 2021). Individual shares are the purchase of trade shares in individual businesses in the country of origin by diaspora members, and Diaspora Mutual funds are managed pools of funds invested in diversified listed equities and diaspora bonds (Gelb, Kalantaryan, McMahon, & Perez - Fernandez, 2021) (Gnimassoun & Anyanwu, 2019). From this premise, diaspora direct investment can assist developing countries to address the challenges of attracting foreign direct investment and provide stable financial flows from the diaspora. Transactional Loans and diaspora bonds are other aspects of diaspora direct investment (Gelb, Kalantaryan, McMahon, & Perez - Fernandez, 2021) (Terrazas, 2010).

2.2.4 Transactional Loans:

Diaspora finance is focused on creating an environment for diaspora members to not only invest in themselves but creating an enabling environment for diasporas to receive loans in their countries of origin. According to (Gelb, Kalantaryan, McMahon, & Perez - Fernandez, 2021), establishing a diaspora bank account in the country of origin for Diaspora members in which bank deposits through large foreign currency inflows with lower interest rates and possibly use local deposits as "a loan collateral" in the country of origin. In addition, these transactional loans may also allow diaspora members to purchase homes and cars in their country of origin. (Terrazas, 2010)Another favorable borrowing mechanism for diaspora members which has already been implemented by various developing countries is diaspora bonds.

2.2.5 Diaspora Bonds

Diaspora bonds are seen as a favorable borrowing mechanism that not only benefits diaspora members in the long run but also benefits their country of origin. Diaspora bonds are actively targeted at members of the diaspora who want to invest. "Diaspora bonds are fixed-term debt paying the lender a fixed interest rate tradeable on the bond market and with a secondary claim on borrowers' income (Gelb, Kalantaryan, McMahon, & Perez - Fernandez, 2021, p. 30).

Diaspora bonds are a debt-based investment that the government can use to raise funds that can be used for infrastructure and those that choose to invest get to fund private projects as the set return on the investment gets paid in regular intervals (IG Group, 2021). Diaspora bonds are issued by the government of the diaspora. For example, a diaspora member will invest (depending on the currency of their country of origin) 5000 into a 15-year government bond with an annual interest rate of 10%. Therefore, each year the government will pay 10% of the 5000 as interest and at the end of the 15 years the diaspora member will receive back their initial 5000. As a means of diaspora direct investment, bonds are a fixed–income asset that is dependent on the following conditions: supply and demand, how close the bond is to maturity, and credit rating (Gelb, Kalantaryan, McMahon, & Perez - Fernandez, 2021) (IG Group, 2021). As a fixed–income asset, diaspora bonds are largely dependent on firstly supply and demand. Supply and demand are the foundation of the financial asset. Supply is determined by set by the government that is willing to issue a bond, demand is dependent on the diaspora population that purchases the bond for an investment and the interest rate of the bond being sold (IG Group, 2021).

Secondly, diaspora bonds that are newly issued by the government will always be priced with current interest rates in mind, which therefore means that they will trade at or near their par value which is the price that is equal to the original investment price (Gelb, Kalantaryan, McMahon, & Perez - Fernandez, 2021). And thirdly, is the credit rating. Diaspora bonds are seen as the lowest risk investment since the government deflating on loan repayments in most cases tends to be low, but risks can still happen therefore a way of assessing the risk of a government defaulting is through its credit rating agencies: Standard and Poor's, Moody's and Fitch (IG Group, 2021). Using diaspora bonds as a form of investment is not a new concept when it comes to diaspora finance. The Chinese and Japanese diaspora groups made use of the diaspora finance mechanism in the 1940s (Chander, 2001). Diaspora bonds as a diaspora finance mechanism as well as a potential source of revenue for developing states is depended on the fact that a country has a large diaspora pool that wants to invest but also has sufficient wealth to invest. The establishment of diaspora bonds and issues and management of diaspora finance is often liaised by different online platforms that can manage forms of equity; facilitate access to loans and the buying and selling of bonds. According to (Gelb, Kalantaryan, McMahon, & Perez - Fernandez, 2021, p. 37), constraints on bond issues by (Lucknow Municipal Corporation) LMCs include the significant issue payable (usually to investment banks), and the level of technical financial expertise required for both issues

and management of bonds." Another aspect of diaspora investment is the knowledge-based mechanisms that are associated with the diaspora's investment in their country of origin.

2.3.6 Knowledge-based Mechanism

Knowledge-based systems serve as an additional means of diaspora investment through the exchange of knowledge, information, skills as well as human capital. This, therefore, means that diaspora members will develop skills and knowledge networks. According to (Gelb, Kalantaryan, McMahon, & Perez - Fernandez, 2021), there are 3 types of Knowledge-based diaspora investment mechanisms: Formal networks, skills and human capital exchanges and lastly returning diaspora investors as entrepreneurs. Formal networks established by diaspora members operate as a single database of information about the diaspora members in their respective destination countries. These formal networks are set up to mitigate the brain drain caused by mass migration (Gelb, Kalantaryan, McMahon, & Perez - Fernandez, 2021) (Faist, 2008).

Diaspora direct investment is seen to mitigate the brain drain. Through the return of the skilled and educated immigrants who seek to develop their home country through the transfer of knowledge, skills, and advice to government officials within the development process. Human capital exchanges are largely focused on capitalizing on the level of skills, experience, and expertise that the diaspora members may contribute to the development of their country of origin. According to (Gelb, Kalantaryan, McMahon, & Perez - Fernandez, 2021), human capital exchanges are usually developed on a sector-specific basis in which diaspora members may share specific ideas regarding the development of a particular sector and the opportunities presented for their country of origin. And lastly, returning diaspora investors as entrepreneurs is largely centered around the creation of jobs and bringing skills and business operation knowledge to their country of origin. From this premise, the literature surrounding diaspora finance and its contribution to the development of their home countries is divided Scholars like (Gelb, Kalantaryan, McMahon, & Perez - Fernandez, 2021) and (Faal,2019) highlight that the gap in this literature is large regarding the scale of the financial transfers of the various diaspora finance mechanisms and equally the possible development impacts in their country of origin.

2.3 The State–Diaspora Relationship

"The state's willingness to create institutional structures to confer greater citizenship rights to diaspora members indicates that diaspora participants at the biennial conferences have been successful in becoming an important voice to be reckoned with (Mullings, 2012)."

Literature on state and diaspora relationships is premised around the idea of the state embracing transnationalism. Transnationalism can be defined as multiple ties and interactions linking people or institutions across the border of nation-states, not just sent money home but also their transformative political, cultural, and social remittance" (Delano & Gamlen, 2014, p. 45). The main actor in this dynamic is the diaspora population or in some instances labor migrants who move between their home countries and their countries of destination.

Literature surrounding 'why' and 'when' states engage with the diaspora is largely focused on different internal and external factors and the practices in which they engage. In addition, the ideological transition from seeing the diaspora as a product of a brain drain that harms the further development of their countries (Amendolagine & Coniglio, 2014) to an idea that engages the diaspora as possible development actors (Delano & Gamlen, 2014).

According to (Delano & Gamlen, 2014), the change in this relationship represents not only the transformation of their perception of the diaspora but also a transformation in the way migration is governed, the way international organizations are governed, and most importantly the way that states and international society are organized. This is since, (Chander, 2001) the state can project domestic policies beyond the borders of the state, the formal state and institutional policies towards the diasporas in their destination countries. An additional dimension to the literature is explored by (Delano & Gamlen, 2014), is the idea of political geography. Political Geography is, "a science that identifies specific opinions and understandings related to the art of organizing and executing state affairs by examining the distribution of natural, human and economic events and their reasons and results in the world, in a region or even a county (Ocal, 2016, p. 234)". The ideas present in political geography contribute to the disruption of the self-governing national population and its territorial jurisdiction and give rise to unconventional modes of citizenship and sovereignty and the spatial organization of politics provides another avenue for understanding the diaspora–state relationship.

Diaspora capacity is largely dependent on the extent to which the state is willing to engage with its diaspora population. About the role of the state when it comes to economic change, (Van Arkadie, 2011, p. 3) argues that government judiciary and bureaucracy through government institutions carry out economic tasks that not only determine “the rules of the game but also guide and constrain non-official actors within the economy”.

"Sustainable development through diaspora involvement depends on structural reforms addressing inequality in the home countries, as well as specific policies on financial democracy as well as asset accumulation" (Brinkerhoff, 2011, p. 43). There is a multidisciplinary approach to understanding the relationship between the state and the diaspora population. The literature surrounding the state and the diaspora is largely rooted in "bringing the state back in" to migration and emigration policies centered on development (Alonso & Mylonas, 2017) (Cotoi, 2011). Most of the emigration states are developing countries and they are key actors in developing strategies that include the diaspora in their national development strategies. According to (Page & Mercier, 2012), the government of the diaspora needs to identify and map the diaspora, develop a trusting relationship with the diaspora, host cultural events and host events that cater to those abroad, and lastly, create incentives for the individuals in the diaspora to invest in their homeland through information centers, introducing tax breaks and another way to involve them within the policy framework.

An example of such a relationship would be the Jamaican governments' engagement with the skilled members of the Jamaican diaspora. “The importance of building a mutual partnership between the state and the Jamaican diaspora was also made clear at the time of the 2004 conference when Mr. Franklyn stated that: It is also important for us to point out not just what the overseas community can do for us but what we are prepared to do for that community” (Mullings, 2012, p. 416). The engagement between the state and its diaspora community is dependent on creating institutional structures that largely enable the diaspora to participate, not only as economic actors but also as political and social actors in the development process. (Agunias, 2009) argues that capacity building to develop diaspora-state institutions' work is a key aspect of developing the relationship for the benefit of the nation-building project. However, despite the state's willingness to engage with its diaspora population, the government's policies needed to be aligned with that agenda to create an environment for diaspora direct investment. There are some cases, in which

the state serves as a possible hindrance to the functioning of diaspora direct investment and the overall participation of its diaspora population. From this premise, state- diaspora relationship is largely focused on how the states choose to engage with their diaspora population and the redefining of the parameters of the diaspora citizenship (Both at home and abroad) and the state (Delano & Gamlen, 2014). This research paper aims to contribute to the literature regarding the state's relationship with its diaspora population reflecting the state's creation of an enabling environment for its diaspora population and equally the state's potential hindering diaspora direct investment.

Chapter 3: Methodology

3.1 Research Design

This research was carried out using political economy analysis that predominantly relies upon qualitative approaches. According to (Moncrieffe & Lutterell, 2005), the political analysis approach analyses the key actors, processes, institutions, incentives, and policies concerning the two key actors that this research intends to analyze: The Nigerian Diasporas population and the role that the state plays in enabling or hindering diaspora direct investment, by analyzing existing Nigerian policies on policies on diaspora engagement.

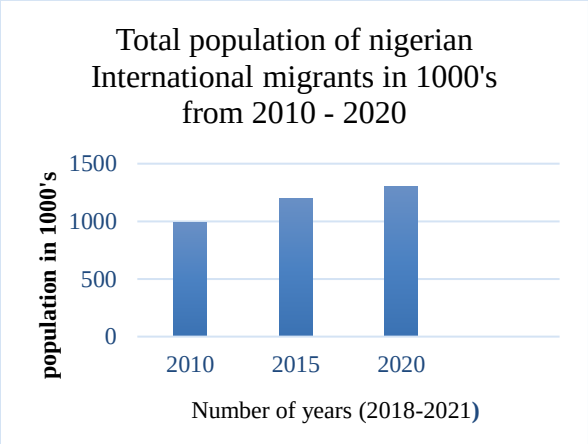
This method will attempt to answer the question by looking at key areas of investigation and analysis. This will be done by firstly looking at the political economy of Nigeria by looking at the political context, economic context, Nigerian foreign direct investment climate over the years, and an overview of the Nigerian population. Secondly, look at the Nigerian diaspora in the global economy and their developments at home and in Nigeria. These are the Nigerians in the United Kingdom, France, and Canada. These countries were selected for analysis because firstly, Nigerians in the United Kingdom have the longest established migrant network which was established in 1969, secondly, France has established a large business-related migrant network that facilitates the development of not only Nigerians living in France, but also Nigerians in Nigeria who wish to access the France business market and lastly Canada, which is focused on bridging the cultural gaps between the Nigeria and Canada.

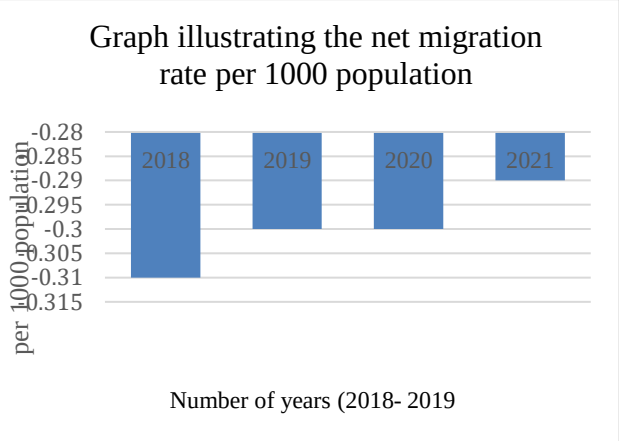
The third aspect of this research analyses a study done by the commonwealth institute. This study analyzed the Nigerian diaspora in the United Kingdom’s current practice of investment and

obstacles to investments. Fourthly, analyze state–diaspora relations between Nigerian diaspora and state through the federal government department of foreign Affairs and its Macroeconomic policies concerning the diaspora population.

3.2 The Study population

The Nigerian Diaspora population in the United Kingdom, France, and Canada look at the established and existing migrant networks that are focused on looking at the development of their communities in their homeland as well as in their country of residence. And the Nigerian Federal state and its department of Foreign Affairs at organizations that operate under its ministry. The graphs below illustrate the total population of Nigerian international migrants and the net migration rate.





Source adapted from (Sasu, Number of International Migrants in Nigeria 1999-2020, 2022) (Sasu, Net Migration rate in Nigeria, 2022)

According to (Sasu, Net Migration rate in Nigeria, 2022), the total population of Nigerian international migrants was 1.3 million and the migration rate was sitting at -0, 29 per 1000 population. This, therefore, means that the number of people leaving Nigeria was higher than the number of people entering Nigeria annually.

3.3 Data Collection and Analysis

This research was carried out using mixed methods that make use of both qualitative and quantitative methods to collect and analyze the data. This research paper made use of secondary data sources that illustrate the relationship between the Nigerian diaspora population, the Nigerian federal state, and various organizations, institutions, and macro-economic policies. This will be done by analyzing publicly available documents and analyzing publicly broadcasted interviews and prerecorded sessions from the Nigerian senate-house about diaspora relations by Nigerian Government officials and Private sector actors on the Nigerian state and Government relationship with its diaspora population.

Data collection was carried out systematically by making use of descriptive and statistical secondary publicly available data. Firstly, this research analyzed the political economy of Nigeria by collecting data on its political landscape over the recent years from 2018 to 2021 under the leadership of Muhamadu Buhari and his government. This information was sourced from the website of the World Bank, the African Development Bank, and the information guide of Nigeria. Data collection and analysis of the economic landscape of Nigeria illustrated descriptive and statistical analysis of Nigeria's gross domestic product (GDP) from the first quarter of 2019 to the third quarter of 2020. And gave a brief outline of the sectors that make up and contribute to Nigeria's GDP such as oil and gas its largest export commodity, agriculture, tourism, and entertainment sector. This information was sourced from the World Bank, Africa development bank and the National Bureau of Statistics (NBS), and the Website Statistica. And lastly, understanding the economic landscape of Nigeria equally meant that data on Nigeria's foreign investment reserves and landscape within the global economy is equally as important. And therefore, a brief overview of the Nigerian economy and foreign direct investment landscape collecting data and analysis from Nariametrics, the United Nations Conference on Trade and development, and the National Bureau of Statics (NBS) on Nigeria's FDI flow from 2018 to 2021.

Secondly, publicly available data was collected on the development of Nigerian diaspora Networks. These secondary sources were on diaspora networks and the diaspora population in the USA, UK, France, and Canada. This information was sourced from journal articles and online reports.

Information on the perceptions of the Nigerian diaspora, current practices of development, and obstacles to investment was sourced from a survey done by the commonwealth that looked at the investment potential of the Nigerian Diaspora in the UK (The Commonwealth, 2018). And thirdly, state and diaspora relations and the policy data and descriptive analysis of the policies and organizations established by the Nigerian government and the Ministry of Foreign Affairs. Data collected will look at the development of the establishment of NICOM (Nigerians in Diaspora Commission) and the National Policy of Diaspora Matters which is a representation of Nigeria's Foreign Policy towards its diaspora population. And this information was taken from the Nigerians in the Diaspora Commission (NIDCOM), the Nigerian government, and the Ministry of Foreign Affairs. Publicly broadcasted interviews were taken from YouTube and were from seminars, webinars, News interviews from NTA (Nigerian Television Authority), summit proceedings, and proceeding from the Nigerian Senate. These interviews included President Muhamadu Buhari speaking on the Establishment of the Nigerian Diaspora Investment Trust Fund, The Nigerian-Diaspora investment summit (2018 – 2020). An interview with Rita Orji on a show called the Diaspora on NTA, "The $300 Million Diaspora Bond". Deputy Presidents speaking in the Nigerian – Diaspora Summit and other important interviews. And lastly, the publicly broadcasted interviews and prerecorded sessions from the Nigerian senate-house about diaspora relations serve to further understand the Nigerian Federal state's relationship with their diaspora when it comes to policy formulation, public policy, and inclusion in the development frameworks of Nigeria.

Chapter 4: Presentation of results

Understanding the political economy of Nigeria is pivotal to its economic dynamics as well as its social system. The politics, policies, processes of governance, and institutional framework influence socio-economic development. Nigeria is known to be the second-largest economy and the most populous country with a population of 213 million people (Sasu, 2022). At the dawn of democracy in 1960, after years of military authoritarian rule, the Nigerian government began to engage the diaspora on ideals of national development. The ideals behind the government's decision to engage the diaspora came from the government's recognition of the large capital resources of the diaspora and to tap into the diaspora knowledge for national development (Wapmuk, Akinkuotu, & Ibonye, 2014).

4.1 Political Economy of Nigeria

Nigeria's political landscape is controlled and largely dominated by 36 states governed by the leadership of the current ruling party the APC (All Progressive Congress). The APC party controls most of the seats in both the Senate and House of Representatives in Parliament. The main functions of the senate in the Nigerian Parliament are to make laws and correct deficits in the law, approve judicial and federal appointments, control public funds, and can remove the president or vice president (Adesosun, 2018). The House of Representatives has the power of investigation (Adesosun, 2018) 23 of the 36 state governors are from the APC (World Bank Group, 2021). The current president of Nigeria is Muhamadu Buhari who is currently serving his second term as president. Under his leadership, state security has been threatened by the ongoing war against the terrorist group Boko Haram in the Northern Parts of the state, kidnappings, and violence in the Northwest, and the continuous separationist agitations in the Southeast. (World Bank Group, 2021) (Africa Development Bank, 2021)

4.2 Economic Context

Nigeria's economy is largely dependent on its oil reserves which are its largest export commodity. According to the (World Bank 2021), oil exports contribute 80% to the economy. The table below illustrates the macroeconomic indicators of Nigeria between the years 2018-2021 (Coface, 2021).

This table highlights Nigeria's GDP steadily faced grew from 1.8 % to 2.2% by 0.4 %. However, in 2020, because of the economic effects of the Covid- 19 pandemic due to the drastic fall in oil prices, Nigeria's economy was at a -3.5% decline.

Table illustrating Nigeria's Macroeconomic indicators (2018 -2021

	2018	2019	2020	2021
GDP Growth (%)	1.8	2.2	-3.5	1.5
Inflation (Yearly average, %)	12.1	11.4	13.0	15.0
Budget balance (%GDP)	-4.3	-4.8	-7.0	-5.0
Current account balance (%GDP)	1.0	-3.8	-3.0	-2.0
Current Debt (% GDP) *	27.7	29.1	35.0	36.0

Source: (Coface, 2021) http://m.coface.com/Economic-Studies-and-Country-Risks/Nigeria

* Includes the state, local authority, and public enterprise debt and arrears

The strengths and weaknesses of the Nigerian economy are an essential place to start in understanding the economic context of the Nigerian political economy. This will assist in further understanding the role that diaspora direct investment can play in the overall development of the Nigerian economy. Nigeria's largest export commodity is Oil and Gas (World Bank Group, 2021). The weakness of the Nigerian economy is largely in the fact that there is an overreliance on the oil exports reserves. In Nigeria's oil and gas sector, there is no oil refining capacity meaning that 80% of the refined oil produced is imported (Coface, 2021). Nigeria's energy sector has been on the decline for years, there is a lack of electricity generation and thus a lack of adequate distribution of electricity (Coface, 2021). The lack of diversification in the economy largely contributes to the high unemployment rate. The agricultural sector sees insufficient growth due to the lack of adequate infrastructure and large-scale insecurity within that sector (Africa Development Bank, 2021) (Coface, 2021). Internal political battles, corruption in political institutions, and the business environment are a large contribution to the weakness and the lack of sufficient growth within the Nigerian economy. From this premise, the focus on the oil and gas growth and the neglect of other sectors has to a certain extent contributed to the domestic debt and equally the scarcity of foreign currency due to declining FDI rates.

4.3. Foreign Direct Investment and the Nigerian Economy

Beyond the Nigerian Economy's dependence on its oil and gas reserves, Foreign direct investment is equally another contributor to Nigeria's economy. According to (Oyekamni, 2021), Foreign direct investment contributes to the economy through job creation in the host country through the establishment of new companies, increased income, and therefore an increase in purchasing power and then the potential boost in the economy. Foreign direct investment is essential to the development of a developing country's access to the global economy and the country's international economic system (Amendolagine & Coniglio, 2014). Nigeria's FDI rates were sitting at 77.97 million in the second quarter of 2021. The graph below illustrates Nigeria's Foreign Direct Investment in millions of dollars from the second quarter of 2018 to the second quarter of 2021.

Graph Illustrating the Foreign Direct Investment in million dollars from 2018 to 2021



Source adapted from (Statista Research Department, 2022)

This graph illustrates that Nigeria's FDI revenue has declined since the second quarter of 2018. In recent years, Nigeria has failed to attract a significant amount of FDI needed for a potential economic boost. Nigeria's failure to attract a significant amount of FDI is due to various socio-economic issues that have therefore damped investor plans to invest in Nigeria's economy (Oyekamni, 2021). An additional reason for the FDI decline in recent years lies in Nigeria's current business environment and the focus on tech startups and the state neglecting other sectors of the economy. According to (Oyekamni, 2021), the City of Lagos is largely known for its startup ecosystem, however, there is a large gap between the current technology ecosystem, the poor

infrastructure, the lack of sustainable electricity, education, and the continuous political instability. From this premise, Diaspora Investment serves as a parallel solution to Foreign Direct Investment given the current decline in FDI in Nigeria and when it comes to development discourse and finding sustainable ways for economic growth and development in developing countries.

4.4 Migrant Network Theory and Diaspora Population

The political economy of migration has evolved as the economic interests of migrants and their sending countries evolve because of rapid globalization and economic demands made by the families of the migrants and sending countries. According to (Akanle & Ola- Lawson, 2021, p. 2), diaspora networks are becoming progressively important as migration accentuates, underdevelopment persists in poor migrant-sending countries and appropriating migrants/ diaspora's resources as a strategic lifeline. From this premise, understanding diaspora networks and the diaspora population assists us in understanding their reasons for developing networks in their destination countries, reasons for wanting to invest in their home countries, and where the state can engage with these networks.

4.5 The development of Nigerian diaspora Networks

Political instability and insecurity in Nigeria at the dawn of independence in Nigeria led to the development of Nigerian diaspora networks around the world. (Wapmuk, Akinkuotu, & Ibonye, 2014, p. 307) describes that during the period of instability in the 1960s, Nigerians were regarded as economic migrants and politics induced migrants rather than refugees as they moved to other countries. Nigeria's political climate in the 1980s led to the massive emigration of Nigeria to countries around the world. The reasons for this were first due to President Babangida's regime in the early 1980s. During his tenure, the IMF and World Bank introduced the structural adjustment program (SAPS) which eroded the middle class, led to massive poverty, and therefore led to the mass emigration of Nigerians to other countries in the world in search of better opportunities (Wapmuk, Akinkuotu, & Ibonye, 2014) (Adewale, 2011). The second reason was due to the annulment of the 1993 presidential elections which led to a large-scale political crisis in Nigeria (Wapmuk, Akinkuotu, & Ibonye, 2014). The regime under General Sani Abacha was plagued with assassinations of political opponents, detentions without trial, and the killing of perceived opponents led to many pro-democracy figures fleeing to other countries (Wapmuk, Akinkuotu, & Ibonye, 2014, p. 308). This, therefore, led to the mass migration of Nigerians to countries like the,

UK, France, and Canada. The development of migrant networks in their destination countries is largely rooted in not only developing and assisting the lives of the diaspora living in their destination countries but equally assisting them in developing their countries back home.

4.5.1 Nigerian Diaspora in the UK – Laptop for Learning Project

Nigerian- Britain Association was established in 1969, to develop relationships with Nigerians in the UK and at home, through social, cultural, and business activities both in the UK and in Nigeria (Nigeria- Britain Association, 2009). The network established the L4L Project (Laptop for learning project) in Nigeria. The L4L project is a computer literacy project that provides not only computer skills to primary school children but also provides the schools with Laptops for learning to take place and equally ensures internet access for the students (Nigeria- Britain Association, 2009). Learning by doing approach, in which each child has access to the laptops under the supervision of the teachers. According to the association, by the end of 2012, over 150 were exposed to using a laptop, became familiar with screen-based technology, and could send an email. This is an example of Diaspora Direct Investment through knowledge-based investment through the transfer of knowledge for social and economic development.

4.5.2. Nigerians Diaspora in France – Friends of Nigerian Business Ecosystem

Nigerians in the diaspora established an organization that is centered on business development for Nigerians in France and Nigeria. This organization assists Nigerians in France and Nigeria, finding the right strategic partners to assist in the recruitment and content strategies for operating in the Nigerian market (Friends of Nigeria, 2010). FON provides Market information, investment opportunities, and assessment of key market actors across various sectors and provides business development advice for Nigerians in France and Nigerians at home who have businesses that wish to have access to the business France Market (Nigerian Canadian Association, 2016).

4.5.3 Nigerian Diaspora in Canada- Community Development

The Nigerian Diaspora in Canada established a Nigerian Canadian Association which is focused on “addressing the integration, education, health, housing, social services, culture and economic development for Nigerians living in Canada and also Nigerians back home” (Nigerian Canadian Association, 2016). This association is focused on the economic, social, youth, and cultural development of Nigerians in Canada and their home country. The association aims to create a

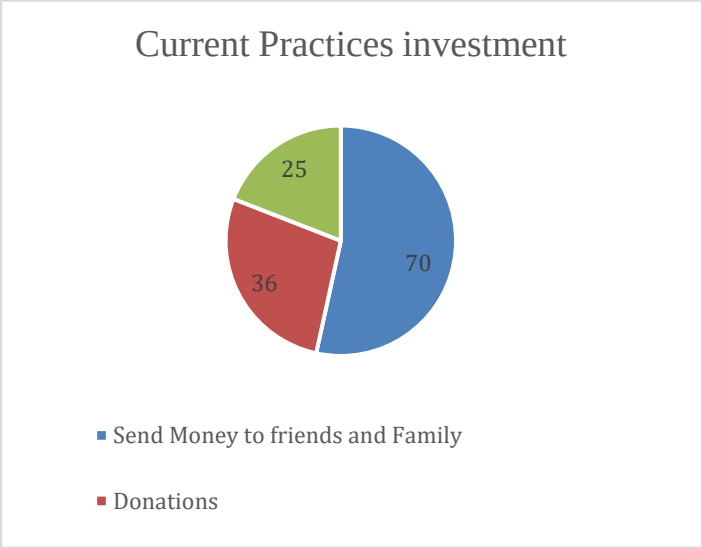
library of resources for Nigerians in Canada about Nigerian history, culture, and politics to ensure that those who wish to move back to Nigeria have information to build on their development framework (Nigerian Canadian Association, 2016). The Nigerian- Canada association is largely focused on community development between both countries for the benefit of the Nigerian people.

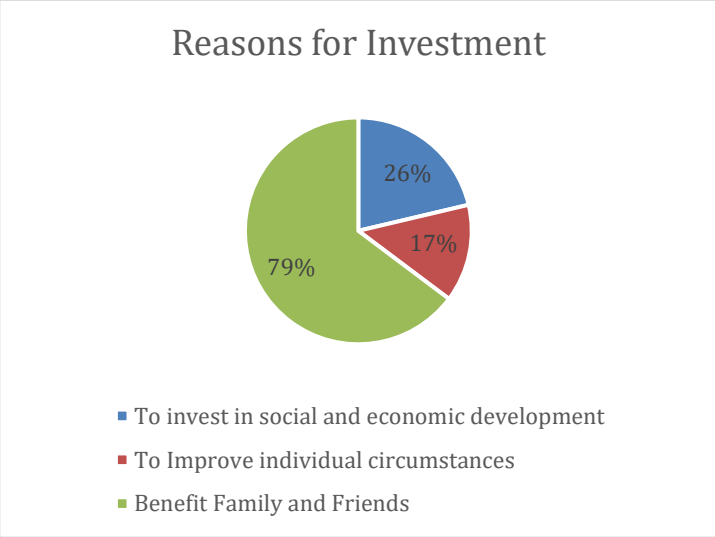
Nigerians in the diaspora have developed organizations, initiatives, and associations that are aligned with the ideas of not only developing their families but equally the Nigerian communities at home and abroad. As previously stated by (Akanle & Ola- Lawson, 2021), diaspora networks are important actors in-state development as well as economic development for their home countries through the establishment of their various organizations. From this premise, it is essential to understand the factors that influence the diaspora's desire to invest in their home countries

4.6 Perceptions of the Nigerian Diaspora: Factors That Influence Diaspora Investment

In a survey conducted by (The Commonwealth, 2018), understanding the investment potential of Nigerians in the diaspora living in the UK, analyzed the current investment practices, the reasons for investment, obstacles to investment, assumed ways of addressing the obstacles to investment, and lastly the types of investments that interests the potential diaspora investors. These results are not generalized to all Nigerian diaspora as it only applies to those living in the UK. However, these results give us an insight into the perspective of a portion of the diaspora The results when it comes to the current investments of the Nigerians in diaspora, as of 2018, reveal that 70% invest through sending money home, 36% through donations and 25% through financial donations to religious organizations or charities (The Commonwealth, 2018). The second set of results look at their reason for investing are largely to benefit family and friends,79% state that their reason for investment is to benefit family and friends, 26% say to invest in social and economic development, and only 17% invest to improve individual circumstances (The Commonwealth, 2018). The third set of investigations looks at the obstacles to investment which show that corruption is the biggest obstacle to investment at 38% and political instability at 31% (The Commonwealth, 2018).

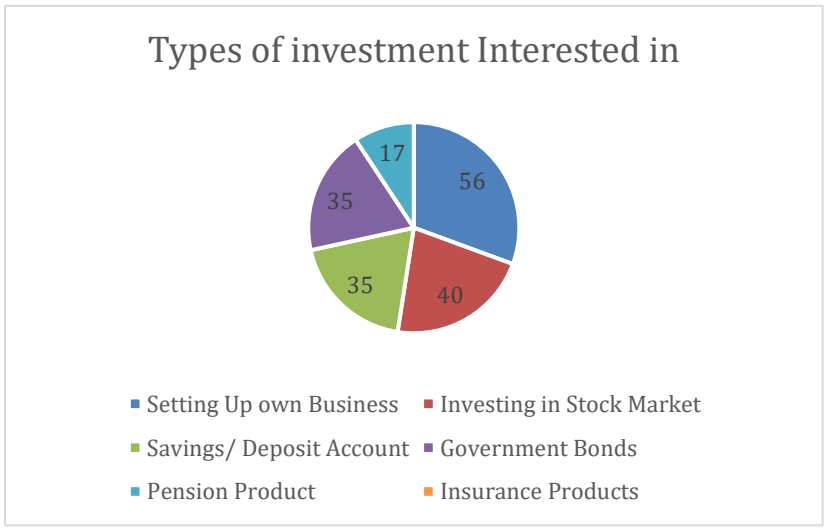
Pie Chart Illustrating Investment Potential of Nigerians in the Diaspora

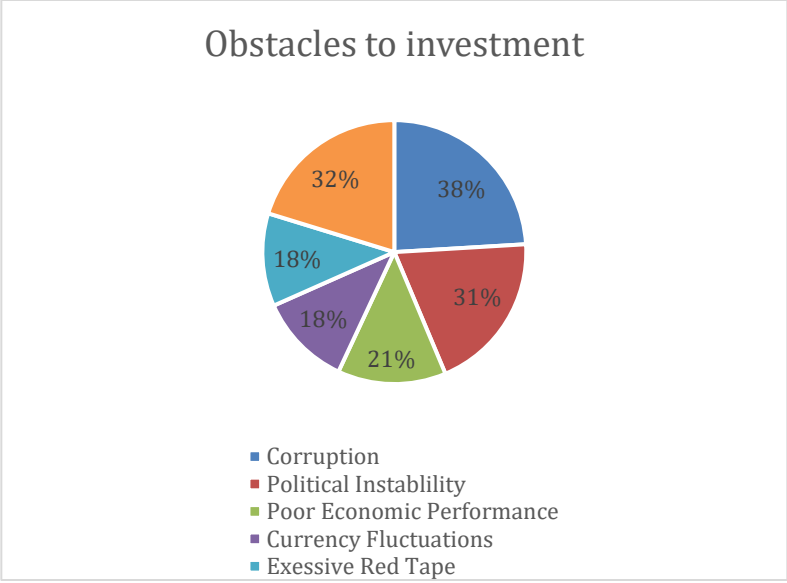




Source adapted from a survey conducted by the (The Commonwealth, 2018)

The fourth set of results looks at how the obstacles to investment can be addressed, 41% state that economic incentives and improved technological solutions 37% are the highest solutions to addressing the obstacles to investment. The final sets of results illustrate the types of investments that the diaspora is interested in. The highest remains saving up for a business at 56% and to invest in the stock market at 40% (The Commonwealth, 2018). The overall results of this study illustrate that Diaspora in the UK as potential investors are more interested in community and self-development and the factors that discourage their investments are the political instability and corruption that plague Nigeria's political economy.







Source (The Commonwealth, 2018)

4 .7 State-diaspora Relations: Policy Initiatives

"The Diaspora policy is the migration policy, we are talking to the executive of government to bring that policy and review it to have a migration policy that includes a Diaspora policy for people in the Diaspora" (Wapmuk, Akinkuotu, & Ibonye, 2014, p. 314)

The Nigerian Government's engagement with its diaspora population and policy initiatives have varied over the years as diaspora engagement was largely dependent on the leadership and Nigeria's political climate at the time. The establishment of a diaspora policy enables a channel that allows the government interacts with their diaspora. This relationship goes beyond the question of immigration and emigration but rather creates a mutually beneficial relationship for the development of the migrant's home countries. This, therefore, means that for diaspora populations to contribute to the development of their home countries, states need to create policies that foster this relationship (Wapmuk, Akinkuotu, & Ibonye, 2014). From this premise, the historicization of state-diaspora relations between the Nigerian state and its diaspora is the best place to start analyzing the policy initiatives that shape the diaspora's relationship with the state. And assist in understanding the role that the state plays in enabling or hindering Diaspora direct investment.

Between 1976 to 1979, the value of the diaspora as key assets to national development was acknowledged under the military regime of General Olusegun Obasanjo. This, therefore, created a space for dialogue between the Obasanjo regime and the African American community that focused on creating bilateral relations between Nigeria and the United States of America and promoting Nigeria's Foreign policy (Wapmuk, Akinkuotu, & Ibonye, 2014). The Nigerian Diaspora played a significant role in liberation struggles in South Africa and the return to democratic rule in Nigeria. The Association of Nigerians Abroad (ANA) during the struggle for Nigeria's return to democratic rule (Wapmuk, Akinkuotu, & Ibonye, 2014).

Under the regime of General Ibrahim Babangida, the instrumentalization of the Nigerian diaspora was more pronounced and intentional. In a speech, General Ibrahim Babangida speaking on the diaspora said: "Nigerian Diaspora is regarded as an extension of our resources and as one people with us. We have remained ever compiled to developing stronger fraternal relations with them" (Wapmuk, Akinkuotu, & Ibonye, 2014, p. 311). Babangida's regime established the TAC (Technical Aid Corps) which was assigned to promote relations with The Nigerian diaspora.

Post–military regime Nigeria was still concerned with the creation of a relationship with the diaspora. President Olusegun Obasanjo referred to "the diaspora as valuable stakeholders and partners in the country's development" (Wapmuk, Akinkuotu, & Ibonye, 2014, p. 311). This ideal led to the formation of the Nigerians in Diaspora Organization (NIDO) in 2001. According to (Wapmuk, Akinkuotu, & Ibonye, 2014), the NIDO established a two hundred-million-dollar investment that was made by both local and international Nigerians who wanted to invest in Nigeria. After this development and the capitalization of the value of the Nigerian diaspora, the Nigerian Government passed a law that permitted Nigerians living abroad the option of having dual citizenship (Manby & Momoh, 2020). According to Section 25 of the 1999 Nigerian Constitution, dual citizenship is allowed for persons who have a Nigerian Parent, that is, citizens by descent (Manby & Momoh, 2020).

From this Nigeria's foreign policy towards the Nigerian diaspora has changed over the years. From this premise, the establishment of a commission dedicated to the Affairs of the Nigerian Diaspora is the first step in the Nigerian government creating an enabling environment for diaspora Direct investment.

4.7.1 The establishment of the Nigerians in Diaspora Commission (NIDCOM)

The (Nigerians in Diaspora Commission) NIDCOM was established under the Nigerian Ministry of Foreign Affairs (MFA) in 2015. The main objectives of the bill were to establish a commission that would engage with the Nigerians in the diaspora concerning policies, participation in projects that serve the development of Nigeria. In addition, the commission was equally established to utilize the human capital and material resources of the Nigerians in Diaspora for the economic and social development of Nigeria. Once the bill was passed into law, "the chairman and members of the Commission shall be appointed by the president subject to the confirmation of the Senate and Nigerians in diaspora organization in all continents shall have representations within the governing board of the commission" (the Federal Republic of Nigeria, 2015, p. 1). The powers of the commission (Clause 8) illustrates that the commission shall have powers to manage funds associated with the running of the commission: by mobilizing and executing programs, formulating the policies, coordinating, and harmonizing the NIDO (Nigerians in Diaspora Organizations), advise the government at all levels, carry out training programs (the Federal Republic of Nigeria, 2015).

The commission was assigned the role to reach out to Nigerian Communities abroad, strengthen the existing administrative setup for the Nigerians in Diaspora. Under the NIDCOM, the National Policy of Diaspora Matters was established as the blueprint for the diaspora – state relations, as the diaspora is seen as a key aspect of Nigeria's National Development

4.7.2 . National Policy of Diaspora Matters. (Nigeria's Foreign Policy towards its Diaspora)

Nigeria has recognized the Diaspora as an essential factor in its development process and thus has developed a document that outlines the structures of their relationship. The National Policy of Diaspora matters is a written document on Nigeria's Foreign Policy toward its diaspora Population. The document was developed by the Federal Republic of Nigeria in November of 2016. "The National Policy on Diaspora Matters" was established to manage and harness the development potential of the Nigerian population outside of the country (Kanu, Bazza, Omajola, 2019). The document states that the main goal of the national policy on diaspora matters is for "constructive engagement of the diaspora for sustainable national development" (Kanu, Bazza, & Omojola, 2019, p. 3).

The document contains 5 chapters in total. Chapter 1 looks at conceptual clarifications, Chapter 2 diaspora policy, and strategies, chapter 3, the institutional framework for the policy, and lastly, chapter 4 looks at mobilization and engagement (Kanu, Bazza, & Omajola, 2019) (International Organization for Migration, 2021).

Chapter 1 of this document looks at the Nigerian government's definition of Diaspora in conjunction with the African Union's Definition. The Nigerian Government defines its concept of Diaspora in two working definitions the first, "Diaspora has to do with people of Nigerian descent who live and work abroad and have interest in contributing to the socio-economic, political, technological and industrial development of Nigeria" (International Organization for Migration, 2021, p. 15) and the second provided by the African Union, "The African Diaspora consists of people of African origin living outside the continent, irrespective of their citizenship and nationality willing to contribute to the development of the continent and the building of the African Union" (International Organization for Migration, 2021, p. 14). The conceptual clarifications that provide a foundation for the legal and policy frameworks of this document are taken from the 1999 Constitution of the Federal Republic of Nigeria. The constitution states that dual citizenship is given to members of the diaspora to enjoy the benefits of citizenship in their destination country and Nigeria (Kanu, Bazza, & Omojola, 2019). In addition to the constitution, the National Migration Policy of Nigeria, the National Policy on Labor Migration in Nigeria, and the Economic Recovery and Growth Plan were established as a guideline for the diaspora policy (Kanu, Bazza, & Omojola, 2019). These documents formed the bases of the diaspora policy objectives and strategies outlined in Chapter 2.

Chapter 2 of this document highlights that engaging with the diaspora requires a set of strategies and objectives that would facilitate a functional relationship between the state and diaspora. According to (International Organisation for Migration, 2021, p. 22), "to achieve the objectives of this policy, the government is committed to creating a platform to "engage", "enable" and "empower" Nigerians in the diaspora towards national development". The key objectives and strategies set for the government are to provide an enabling environment through security and infrastructure regulations, provide incentives for diaspora engagement in trade and investment, create monitoring and evaluating systems that regulate remittances, provide engagement for Labor Migration, and engagement by creating a database for the diaspora, outreach projects and establish

diaspora offices (International Organization for Migration, 2021, p. 24). The key strategies are rooted in developing institutional protections to empower the diaspora. These strategies include, "creating a framework that includes integrates diaspora returnees, promoting migration and diaspora research for National development, encourage financial institutions to protect and regulate Diaspora financial inflows and outflows and support private sector-led partnership and incentives for investments and trust funds" (International Organization for Migration, 2021, p. 27). An additional aspect of the strategies refers to political participation and governance, the policy ensures that the diaspora will be encouraged by the government, to participate in the electoral process and governance and in addition to amending the legislation to allow diaspora populations to vote. (Kanu, Bazza, & Omojola, 2019) (International Organisation for Migration, 2021). The objectives and strategies require a means of policy implementation.

Chapter 3 focuses on policy implementation which is how the objectives and strategies will be operationalized. (Kanu, Bazza, & Omojola, 2019) outline that diaspora engagement involves the private sector, civil society organizations, and academia. Policy coordination is facilitated by 'The Lead Agency' within the Nigerians in Diaspora Commission (International Organisation for Migration, 2021). The 'lead agency' is assigned to support the efforts of the key stakeholders when it comes to diaspora engagement and the implementation of the policy. According to (International Organisation for Migration, 2021, p. 30), "the constitution shall, regularly, monitor and evaluate the progress of implementation of the policy." This chapter of the policy aligns with the ideals of the monitoring and evaluation aspect of the policy in chapter 4.

Chapter 4 of the policy focuses on the Monitoring and Evaluation of the policy which keeps track of the process of achieving the overall objective of the policy and will ensure that the policy is reviewed every 5 years (International Organisation for Migration, 2021, p. 39). From the bases of this document, the federal government of Nigeria developed programs, initiatives, and additional policies on the background of achieving the goals outlined in the National Diaspora Policy.

4.7.3 NIDCOM and Tetfund Partners

The National Diaspora policy outlined in Chapter 2 of the diaspora policy objectives and strategies, stated that it would develop, establish, and promote migration, but most importantly diaspora research for national development (International Organisation for Migration, 2021, p. 27). (International Organisation for Migration, 2021, p. 27). The NIDCOM and Tetfund (Tertiary

Education Trust Fund) Partnership is an example of the Nigerian Federal Government enabling diaspora direct investment through knowledge-based systems.

This partnership was established to bridge the gap between state-diaspora relations and the research for Diaspora Management in Nigeria (Nigerians in Diaspora Commission, 2021). According to the Chairman of NIDCOM, Honorable Abike Dabriri- Erewe, stated that this partnership will operate on a 10-year plan, that looks at the impact of the Nigerian diaspora on the global system (Nigerians in Diaspora Commission, 2021). The diaspora research center will build the capacity for academia and produce journals on diaspora and migration-related studies. In addition, the NIDCOM and Tetfund partnership will also establish the LEADS (Linkages with Experts and Academia in the Diaspora Scheme) which will add to the body of knowledge being produced and host lectures at various universities around Nigeria. (Nigerians in Diaspora Commission, 2021). The CEO of the Tetfund, Prof. Suliama Bogoro, stated that the commission and Tetfund harmonize the issues related to the brain drain and the research will contribute to the restructuring of the socio-economic relations in Nigeria (Nigerians in Diaspora Commission, 2021). From this premise, the partnership between the commission and the Tetfund is the first step in the government enabling diaspora direct investment through the development of knowledge-based systems that enables the exchange of human capital and the establishment of formal networks that work towards development.

4.7.4 Nigerian Investment Summit 2018 to 2022: Nigerian Diaspora Investment Trust Fund (NDITF)

In August 2020, the NIDCOM under the Ministry of Foreign Affairs established the Nigerian Diaspora Investment Trust Fund (PDF) which is led by the private sector to capitalize on the investments of the Nigerian diaspora and will be managed by the diaspora under the guise of a NIDCOM committee. The PDF is a fund that is sent to manage the remittance flows made by diaspora populations annually. According to the Chairman of NIDOCM, Honorable Abike Dabiri-Erewa, “30% of remittances inflows goes into non-consumption investments” (Nigerian In Diaspora Commission, 2020). This, therefore, means that the establishment of the NDITF would create a managed and incentive channel in which remittances can be used for not only household development but also national development ensuring a two-way transfer of capital. The establishment of the NDITF stems from the first, Nigerian Diaspora Investment Summit (NDIS)

held in 2018. The investment summit was targeted at the Nigerian diaspora who seek to not only invest in Nigeria but also contribute to the national development of Nigerians. 2018 was largely focused on receiving investment from the sectors of the nigeran economy that create jobs. In a speech said by the Chairman of NIDCOM, Honorable Abike Dabiri-Erewa, she stated that the government plans to support small businesses, agriculture, and infrastructure development ensuring that the diaspora can contribute as investors (News Agency of Nigeria, 2021).

4.7.5 Nigerian Diaspora Bonds

"Diaspora Bond Can Not Exist If You Don't Know Your People…diaspora Bonds remain the solution" (Oji, 2016)

The Federal Republic of Nigeria issued diaspora bonds at the value of $300 Million. Diaspora Bonds are a large source of capital for the government. The government uses diaspora bonds to raise funds for development projects that are aligned with the needs of the country. In an interview for Nigerian Television Agency, Chairperson of the Committee on diaspora, Rita Oji spoke on the $300 Million Diaspora Bond in May 2016 stated that: "…The advantage that this [Diaspora Bond] is an opportunity for diasporas to tap into the capital market of their country and equally be attractive in financing certain government projects where the government is finding it difficult to attract foreign investors or development aid…Diaspora Bonds remains the solution…" (Oji, 2016). The Federal Republic of Nigeria is the issuer of this bond which is due in 2022. "The Bond will constitute direct general unconditional and unsubordinated external indebtedness of the issuer" (the Federal Republic of Nigeria, 2021, p. 1). The table below illustrates the breakdown of the bond offering price and process.

Table illustrating the breakdown of the bond offering price, discount, and the proceeds

	Per Bond	Total
Public Offering Price	100.00 %	$300 000 000
Underwriting Discount	0.80%	$2400
Proceeds, before expenses, to the Issuer	99.2%	$297 600 000

Table adapted from (the Federal Republic of Nigeria, 2021, p. 1)

The bond was regulated by the USSEC (United States Securities and Exchange Commission), according to the Nigerian Minister of Finance, Kemi Adeosun "to have received the approval of the US. SEC was indicative of that the highest level of transparency and accountability in the economic process has been attained" (Wabara, 2017). The organizations that will be responsible for the distribution of the bonds are Standard Bank of South Africa, the United Bank of Africa, and the First Bank of Nigeria (the Federal Republic of Nigeria, 2021). The bonds will be issued in dominations of $2000 and will be registered under the name "DTC", in which the bonds may be purchased or possibly sold through an accredited broker (the Federal Republic of Nigeria, 2021). The interest of these diaspora bonds is 5.625% per year. In the report released by the Federal Republic of Nigeria on the bonds an example of how the 5. 625% interest is calculated per year. According to the report, "Interest will be payable in 2 equal semi-annual installments, for example, $1000 principal amount of bonds that is bought on 27 June will release $28.13 every year until the maturity date (the Federal Republic of Nigeria, 2021).

The report equally outlines that the diaspora bonds do not equate to voting rights, this will further be discussed when looking at diaspora participation and voting. Diaspora bonds. The $300 million diaspora bond was oversubscribed by 130%. The success of the bond was due to three key factors. Firstly, the bond was because both institutional and retail investors can buy bonds; secondly, the bond was approved and regulated by the United States Securities and Exchange Commission (USSEC) which therefore creates the channels for a variety of investors in the global system, and lastly, the diaspora bond was largely a dollar-dominated bond, which therefore meant that there will be no exchange rate loss on the interest because the payments will be in dollars and not Naira which has a fluctuating exchange rate (Wabara, 2017). From this premise, the success of diaspora bonds is a source of development finance for large-scale infrastructure and sector development projects. The success of the $300 Million diaspora bond reflects the power that the diaspora has in contributing to the development of their home country. The Nigerian government created an environment that enabled the Nigerian diaspora's economic participation in national development through this aspect of diaspora direct investment however their political participation in national development is still debatable.

4.7.6 Diaspora Voting Rights and political participation

Diaspora Participation in their home countries is an important fact to put into consideration when looking at diaspora direct investment and how they choose to contribute to the national development of their home countries as citizens. "In 2012, six members of the Nigerian Federal House of Representatives led by the then House Committee Chair on Nigerians in the Diaspora and current Chairperson of NIDCOM, Abike Dabriri-Erewa sponsored a legislative bill that seeks to amend Nigeria's Electoral Act 2010 to grant Nigerians in the Diaspora the right to vote during general elections in Nigeria" (Ogbonnaya, 2013, p. 20). In section 25 of the 1999 Nigerian constitution, dual citizenship is allowed for persons who have a Nigerian parent and were born in Nigeria after October 1, 1960 (Ahmed, 2001). An additional aspect of the law looks at voter's rights in Nigeria, under the Nigerian constitution of 1999 and the electoral act of 2010, voting rights are awarded to citizens of Nigeria who reside in Nigeria at the time of voter registration are entitled to register as a voter (Ogbonnaya, 2013). This, therefore, means this act does not allow Nigerians in the diaspora the opportunity to vote during the general elections in Nigeria.

In a statement released by, the chairperson of the Nigerian Independent National Electoral Commission (INEC), Professor Yakubu stated, " INEC believes that Nigerians living outside the country should have the right to vote for a variety of reasons: they [Nigerians in the diaspora] are interested in the affairs of their own country, make a considerable contribution to the economic, and they are a sizable amount of citizens living outside the country… diaspora voting is consistent with global best practices" (Independent National Electoral Commission, 2019). For the diaspora to vote there needs to be an amendment to several sections of the constitution and the electoral act which allow for a legal framework to be established to allow for diaspora voting. According to (Ogbonnaya, 2013), global practices in modern democracies have allowed diaspora populations to exercise their political right to vote during general elections. On the 1st of March 2022, for the second time since 2012, nearly 10 years later, the Nigerian National assembly rejected the call to make provisions for diaspora voting. A bill for an act to alter the provisions of the constitution of the federal republic of Nigeria, 1999 to provide for diaspora Diaspora voting and related matter received 240 no's and 58 yeses. (Oghenekevwe, 2022). To a report released by the International Centre for investigative reporting (ICIR), for the constitutional bill to pass there needs to be two-thirds majority support from both the senate and the house of representatives (Oghenekevwe,

2022). The rejection of the diaspora voting reflects the Nigerian government's ignorance or avoidance of the fact that in as much the diaspora contributes to the economy through (Akpan, 2021) direct investment, they also have the political power to assist with national development through voting. Beyond diaspora voting, diaspora political participation is largely undermined by Nigerian politicians.

On the 2nd of March 2021, the deputy speaker of the house of representatives, Ahmed Idris Wase, rejected a petition by the Mutual Union of Tivs in America (MUTA). He states, "Nigeria's in Diaspora do not really know the situation in Nigeria and thus are not eligible to file petitions". The Petition was mainly accusing the federal Nigerian government of not resettling the TIV people displaced from their ancestral land through various attacks as said by a Tiv representative. The deputy speaker equally said: "if they are in America could they be an interested party here? Do they know what's going on?" he continued to invalidate the Tiv petition and experiences by saying: "they only have dual citizenship, and they are not true citizens … I am not convinced we need to take that petition" (Akpan, 2021). The rejection of a petition made by an organization in the diaspora and the rejection of the voting rights for the diaspora, reflect on the lack of political participation of the Nigerians in the diaspora, not because they have no interest but rather, they are denied the right to do so. This reflects the gap between states – diaspora relations in Nigeria and can thus serve to hinder further diaspora direct investment and diaspora engagements. Their government's actions are contradictory to the objectives and strategies outlined in the National Policy on Diaspora Matters.

Chapter 5: Discussion

5.1 Results Summary

Diaspora direct investment is seen as an alternative to Foreign Direct Investment for developing countries that have declining FDI flows. Diaspora direct investment is an aspect of macro-development that focuses on contributing to the economic outputs of the country, economic growth, and development. DDI is seen as a two–way transfer of investment that benefits the government and contributes directly to increasing state capacity and revenue for development (Gelb, Kalantaryan, McMahon, & Perez - Fernandez, 2021). The two-way transfer of development means that not only does the state benefit, but also the diaspora investors equally benefit. The way in which the diaspora benefits is largely dependent on the way in which they choose to contribute through investment. For example, an Equity based investment either through transnational corporate Investment, Private Equity, and capital funds by setting up firms and business in Nigeria gives the diaspora owner the decision-making power. This also means they can develop their business or firm with existing knowledge of the environment that that they will be working in and better access to local markets (Gelb, Kalantaryan, McMahon, & Perez - Fernandez, 2021). Secondly, diaspora Bonds also benefit the diaspora members as they serve a borrowing mechanism in the form of a transactional loan. Diaspora Bonds are targeted at the diaspora members who want to invest in their country through the bond market. A diaspora investor will any amount into the bond with an interest rate of 10% and each year the government will pay 10% of the initial amount or the diaspora investor can wait for the end of 15 years to receive their initial investment.

Diaspora Direct Investment is largely dependent on a functional diaspora–state relationship, a large diaspora population that has decided to invest in their country, and a government that creates an enabling environment for investment through public policy incentives directed at the diaspora. This research analyses this diaspora–state relationship between Nigeria and its diaspora population.The first aspect of analyzing this relationship is to assess the perceptions of the Nigerian diaspora population of its government and how it shapes their decision to invest in their home country.

The study conducted by (The Commonwealth, 2018), focused on understanding the investment potential of the Nigerian Diaspora the data suggests that the Nigerian diaspora's main reason for investing is largely to benefit friends and family and secondly to invest in social and economic development. The second set of data suggests that the main obstacle to diaspora investment is the structure of the Nigerian government and its institutional frameworks. The study revealed that corruption, poor economic performance, excessive red tape, political instability, currency fluctuations, and a weak legal framework are the obstacles to diaspora investment (The Commonwealth, 2018). The Nigerian institutional framework is largely flawed and inconsistent with the needs of the Nigerian diaspora for them to make an informed decision as to whether they invest in Nigeria's economic development or not. For diaspora direct investment to function in an effective manner, there needs to be an overall reconstruction of Nigeria's institutions that address corruption, political instability, weak legal and bureaucratic institutions, and excessive red tape.

The inconsistences of the Nigerian state institutional frameworks are equally evident in some of the policies and initiatives established by the Nigerian government in engagement with the diaspora.The Nigerian Government since its democratic transition has acknowledged the importance of its diaspora for national development. The government has put in place policies to create an enabling environment for diaspora direct investment and diaspora engagement and a committee that would oversee all diaspora relations under the ministry of foreign affairs. The Nigerians in Diaspora Commission (NIDCOM) was established under the law to engage with the Nigerians in the diaspora and establish policies that would enable their investment and participation in national development (the Federal Republic of Nigeria, 2015). Under the NIDCOM, the National Policy of Diaspora Matters is Nigeria's foreign policy towards its diaspora. The establishment of NIDCOM and the National Policy of Diaspora Matters is the formalization of the state diaspora relationship. The gap between policy development, implementation, and policy coordination between the different ministries of government override the government's attempt to engage with its diaspora population. The analysis identifies that The Nigerian federal states' policy towards their diaspora is to a certain extent contradictory, there is an intention to engage the diaspora, however, the diaspora does not have voting rights and in some cases political participation is limited. (Segatti, Adegbo , & Ogunyemi , 2012) (Kalu, Bazza, & Omojola, 2019).

The Nigerian government has stated that the main goal for the establishment of the diaspora policy is a constructive engagement of the diaspora for sustainable development (Kanu, Bazza, & Omojola, 2019). However, government engagement is more focused on prioritizing diaspora revenue flows for example the diaspora bonds and the Nigerian diaspora investment fund, than effective diaspora engagement and political participation. Therefore, to answer the research question, what role does the Nigerian state play in diaspora direct investment? The answer is the role of the Nigerian state in DDI is to mainly develop policies that engage with the diaspora on a political, social, and economic level. In addition, the Nigerian state's role is to further develop institutional frameworks that ensure that both the diaspora and the state benefit and national and sustainable development occurs.

5.2 Thematic analysis

5.2.1 The diaspora as agents of development.

The question regarding the Nigerian diaspora's perception of their government and how it shapes their decision to invest in their home country can be answered by understanding that the development of migrant networks for investment is based on community development. The diaspora as migrants did not set out to become 'agents of development' however the desire to develop their communities, was the driving force behind their desire to invest. The data collected from the investment potential of the Nigerians in diaspora residing in the United Kingdom illustrate that majority of their investments are towards sending money to friends and family and their reasons for development are to benefit friends and family. The migrant networks are seen as mere links within the global economy as they transfer goods, capital, and information, in some cases, not out of desire but because of the state of the unequal state of the global system. As (Chander, 2001, p. 1098) perfectly highlights that "the diaspora model does not suggest that diasporas are good per se; rather it allows that diasporas can be good because they may enhance our quest for authenticity in a world where economics and violence – not desire- may dictate where we live." The idea of structural and institutional violence perpetrated by the state, in this case, the Nigerian governments are the diaspora reason for migrating in the first place and their reason for wanting to develop their communities.

Structural violence can be defined as the violence that emerges from the unequal distribution of power and resources and therefore manifests itself in the political-economic and cultural sphere of a country (Weigert, 2008, p. 2004). The data equally highlights that the obstacles to the investment of the diaspora are the institutional barriers that exist in Nigeria. These obstacles once again are corruption, political instability, weak legal frameworks, and excessive red tape (The Commonwealth, 2018). From this premise, we can define the diaspora not as development agents but mainly as, products of economics and [structural and institutional] violence which is perpetrated by the National Government. Policies that were developed by the Nigerian government were to mitigate the brain drain and take advantage of the knowledge, skill, revenue, that is brought by the diaspora from developing countries.

5.2.2 State - diaspora relationship

The Nigerian government is determined to create a platform of diaspora engagement as was seen through the establishment of NIDCOM, the NIDCOM and Tetfund partnership the National Policy of Diaspora Matters, and the issuing of the diaspora bonds. However, the biggest hindrance to diaspora direct investment is the political participation of the diaspora by the rejection of the diaspora vote and equally the rejection of the petition submitted to the House of Representatives and the senate.

The bill established on NIDCOM clause 8, illustrates that NIDCOM and the Nigerian in Diaspora Organization are allowed to engage and advise the government on all levels (the Federal Republic of Nigeria, 2015). In addition, the constitution allowed for dual citizenship for members of the diaspora whose parents are Nigerian under section 25 of the 1999 constitution (the Federal Republic of Nigeria, 2015). Under these policies, the diaspora was seen as key stakeholders in national and economic development in Nigeria. However, the government's interactions are largely contradictory given that a petition brought by an ethnic group in the diaspora was rejected and the rejection of the voting rights for the diaspora in 2022 in March.

The discourse around diaspora–state relations speak on capacity building by the state for diaspora engagement through the formation of institutions that cater to the needs of the diaspora. Capacity building needs to equally "build trust" and an avenue for diaspora engagement on a political level through consultation. This increases the national development scope as more stakeholders, individuals and diaspora organizations can contribute to the development plan of the country.

Another aspect of the diaspora state relationship is the ideas around public policy and the existing institutional frameworks in Nigeria. To ensure diaspora investment and engagement contribute to national development the current institutional failures need to be addressed**.** The government needs to shift the diaspora engagement model from prioritizing the financial gains to equally capitalizing on the potential political gains by allowing political engagement**.**

5.2.3 Diaspora Direct Investment

The Diaspora's contribution to development is largely through the revenue and equally their various means of investment through investing in existing companies, taking out loans, purchasing diaspora bonds, and investing in knowledge-based systems. The role of the state in this dynamic is to create a transparent environment and an environment that would ensure the return of investments made by the diaspora. And ensure that these contributions benefit the ideals around socio-economic development. Once again, the state needs to ensure that the revenue and skills provided by the diaspora are used for national development. The implementation of diaspora direct investment is dependent on the Nigerian government's public policy of implementation, monitoring, and evaluation strategy. This would ensure that the funds from initiatives such as the diaspora bond, for instance, are used for infrastructure development. This can only be actualized if issues such as corruption, excessive red tape, political instability, and weak legal systems are addressed.

5.3 Limitations of the study

The limitations of this study are first that the perceptions of the diaspora on the government and the factors and how it shapes their decisions to invest in their home country were limited to the experiences of the Nigerians in diaspora living in the United Kingdom. A broader scope on diaspora perceptions will give a greater understanding of the Nigerian perceptions. Secondly, with regards to the literature on the volume of diaspora finance and diaspora direct investment, formation both in Nigeria and Africa is limited. This is because the study of diaspora and development is biased toward remittances.

Chapter 6: Conclusion

This paper concludes that the discourse around diaspora and development is largely centered on the role that the diaspora lay in the development of their home country and the impacts on the revenue from only remittances. The role of the state is largely undermined. The contribution of this research paper to the literature around diaspora and development is that it is premised on understanding the development of migrant networks, their perceptions of their government, the factors that influence their decision to invest, and lastly the role that the state must play in this dynamic to ensure sustainable development.

The Nigerian government has developed initiatives and policies that are to engage with the diaspora and enable a functional diaspora–state relationship, however, the factors that hinder this relationship are largely political. This is because the role of the diaspora is only limited to contributing financially and political participation is limited. This is evident through the rejection of diaspora voting and petitions which is an infringement of the rights of the diaspora as dual citizens. This paper would therefore recommend that the Nigerians allow voting rights to the Nigerian diaspora as a means of building a transparent diaspora–state relationship.

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