



Tropentag, September 17-19, 2018, Ghent

“Global food security and food safety:
The role of universities”

Does International Migration and Remittance Lead Agricultural Household to Non-Agricultural Investment? Evidence from a Household Study in Nigeria

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Abstract

The new economic labour migration state that international migration and remittance can reduce credit constraint and increase household investment. Hypothetically, when extra income from remittance is to be invested, the agricultural household is expected to decide in favour of agricultural investment with higher utility; and as such cross-financing one agricultural activity with another. Nevertheless, researchers have wondered if this is true, or perhaps if migration and remittance may eventually lead migrants’ household away from agriculture investment. Although few studies have investigated this issue, no evidence has been provided from Nigeria, the highest migrant-sending and remittance-receiving country in sub-Saharan Africa (SSA).

Using the general household survey data from Nigeria (Living Standard Measurement Study of 2010, 2013, and 2016), we investigated if migration shifts household investment towards non-farm enterprises. Furthermore, we examined the impact of this transition on the household welfare; household consumption expenditure, and food security. For instance, does it increase the likelihood of spending more on food away from home or does it lead to a shortage of household food stock? Furthermore, we studied the impact of this transition on the community food supply. Finally, we show how the livelihood and welfare of households that transit to non-agricultural activities differs from those that remained in agriculture.

Our study is significant as it improves the understanding of how international migration and remittance may or may not be harming agriculture production in SSA. It also shows the implication of this transition on the general welfare of migrant-sending communities. We concluded our study by making policy suggestions on the role of government and institutions (including universities) in improving the investment decision of migrant households.

Keywords: Agriculture, food security, international migration, nonfarm enterprises