Journal Homepage
https://aujeas.uoanbar.edu.iq

Anbar Journal of Economic and Administration Sciences

Remittances and Their Impact on Achieving Sustainable Economic Growth in Sub-Saharan African Countries

Intisar Makki Mohammed
Email: Dr.intisar@mohesr.edu.iq

Ministry of Higher Education and Scientific Research / Iraq

https://doi.org/10.34009/aujeas.2026.165486.1192

Cite as:
Al-kazraji, I. (2026). Remittances and Their Impact on Achieving Sustainable Economic Growth in Sub-Saharan African Countries. AL-Anbar University journal of Economic and Administration Sciences, 18(1),

Received: 2025 / 09 / 24
Accepted: 2025 / 12 / 06
Published: 2026 / 03 / 30

Print ISSN:1998-8141
Online ISSN:2706-6010

ABSTRACT

Remittances sent by migrants to their countries of origin are one of the most important sources of external financing in developing countries, especially in sub-Saharan Africa, where they have become an essential pillar to support economic and social stability. This research aims to analyze the impact of remittances in achieving sustainable economic growth, by studying the economic, social and environmental relationships that arise from the flow of these financial resources. The study was based on panel data for a number of countries that vary in the levels of remittances received to them, while applying standard models to measure the size of the impact of remittances compared to other factors such as foreign direct investment and foreign aid. The results showed a strong positive correlation between remittances and economic growth in countries with high flows, such as Senegal and Nigeria, where remittances contributed to reducing poverty rates, boosting investment spending and raising human capital levels. In contrast, the impact of remittances was found to be limited or negative in countries with low flows, as a result of the weak institutional environment and the absence of effective investment channels. The study also revealed that the productive use of remittances achieves long-term effects on sustainable development compared to consumer use.

The results confirm that remittances can be an effective driver of sustainable growth if supportive policies are in place that reduce transfer costs, promote financial inclusion, and direct resources towards productive sectors. The study recommends the need to adopt national and regional strategies aimed at maximizing the benefits of remittances as a development tool capable of supporting economic and social stability in sub-Saharan Africa.

Keywords: Remittances, foreign capital, foreign investment, foreign aid, underdeveloped economies, sustainable economic growth.

التحويلات المالية وأثرها في تحقيق النمو الاقتصادي المستدام في دول أفريقيا جنوب الصحراء الكبرى

م.د. انتصار مكي محمد

الايميل : Dr.intisar@mohesr.edu.iq

وزارة التعليم العالي والبحث العلمي

https://doi.org/10.34009/aujeas.2026.165486.1192

الملخص

تشكل التحويلات المالية التي يرسلها المهاجرون إلى بلدانهم الأصلية أحد أهم مصادر التمويل الخارجي في الدول النامية، ولا سيما في أفريقيا جنوب الصحراء، حيث أصبحت ركيزة أساسية لدعم الاستقرار الاقتصادي والاجتماعي. يهدف هذا البحث إلى تحليل أثر التحويلات في تحقيق النمو الاقتصادي المستدام، من خلال دراسة العلاقات الاقتصادية والاجتماعية والبيئية التي تنشأ عن تدفق هذه الموارد المالية. اعتمدت الدراسة على بيانات بانل لعدد من الدول التي تتباين في مستويات التحويلات الواردة إليها، مع تطبيق نماذج قياسية لقياس حجم تأثير التحويلات مقارنة بعوامل أخرى مثل الاستثمار الأجنبي المباشر والمساعدات الخارجية. حيث أظهرت النتائج وجود علاقة إيجابية قوية بين التحويلات والنمو الاقتصادي في الدول ذات التدفقات المرتفعة، مثل السنغال ونيجيريا، حيث أسهمت التحويلات في تقليل معدلات الفقر وتعزيز الإنفاق الاستثماري ورفع مستويات رأس المال البشري. في المقابل، تبين أن أثر التحويلات محدود أو سلبي في الدول ذات التدفقات المنخفضة، نتيجة ضعف البيئة المؤسسية وغياب قنوات الاستثمار الفعّالة. كما كشفت الدراسة أن الاستخدام الإنتاجي للتحويلات يحقق آثاراً طويلة المدى على التنمية المستدامة مقارنة بالاستخدام الاستهلاكي. وتؤكد النتائج أن التحويلات يمكن أن تكون محركاً فعالاً للنمو المستدام إذا ما توفرت السياسات الداعمة التي تقلل تكاليف التحويل، وتعزز الشمول المالي، وتوجه الموارد نحو القطاعات الإنتاجية. وتوصي الدراسة بضرورة تبني استراتيجيات وطنية وإقليمية تستهدف تعظيم الاستفادة من التحويلات باعتبارها أداة تنموية قادرة على دعم الاستقرار الاقتصادي والاجتماعي في دول أفريقيا جنوب الصحراء.

الكلمات المفتاحية : التحويلات المالية ، رأس المال الأجنبي ، الاستثمار الأجنبي ، المساعدات الخارجية ، الاقتصادات المتخلفة ، النمو الاقتصادي المستدام.

INTRODUCTION

The financial sector is one of the main engines of economic activity in developing countries, as it plays a pivotal role in mobilizing resources and directing them towards productive activities. In this context, remittances sent by migrants to their countries of origin represent one of the most important sources of external financial flows, as they have direct and indirect effects on income, savings and investment levels. In recent decades, sub-Saharan African countries have witnessed a significant increase in the volume of incoming remittances, in some cases exceeding the volume of official development assistance and foreign direct investment, which has aroused the interest of researchers and decision makers about the role of these remittances in promoting sustainable economic growth paths.

Despite the growing importance of remittances, there is still debate about the nature of their economic impact, as some studies point to their positive role in reducing poverty, improving human capital and increasing investment activity, while other studies believe that remittances may lead to negative effects, such as excessive dependence on external income, reduced incentive to work and increased unproductive consumer demand. The impact of remittances varies between countries depending on different institutional structures and economic environments, which creates a knowledge gap that requires research and analysis.

Based on this gap, this study aims to analyze the impact of remittances on achieving sustainable economic growth in sub-Saharan Africa through the use of panel data and standard models that allow a more accurate understanding of the relationship between remittances and growth determinants. The contribution of the study is to provide a comparative analysis between countries with high and low remittance flows, focusing on the intermediate role of economic and social variables, which enhances the scientific understanding of how remittances can be used as a tool for sustainable development in fragile and complex economic environments.

Problem Statement: the problem of the study is to try to determine the extent of the impact of remittances received from abroad on achieving sustainable economic growth in sub-Saharan Africa, in light of the variability of their flows between countries and the multiplicity of their use, and to indicate whether they contribute to promoting comprehensive development or lead to excessive dependence on them as an alternative source of national income, which may negatively reflect on the efficiency of the local economy and its financial independence.

Significance of the study: the importance of this study stems from the increasing role of remittances as a major source of foreign exchange in developing economies, especially in sub-Saharan Africa, where remittances represent a resource that sometimes exceeds foreign investment and development assistance. The study also seeks to clarify the real impact of these remittances in supporting sustainable economic growth, and directing public policies towards maximizing their development benefits and reducing the risks of excessive dependence on them.

Objectives of the study: The main objectives of the study can be identified through the following:-

1. Analysis of the relationship between remittances and sustainable economic growth in sub-Saharan African countries.
2. Comparison of the impact of remittances in countries with high flows and countries with low flows.
3. Identify the factors that enhance or limit the effectiveness of remittances in achieving sustainable development.
4. Provide recommendations for economic policies to maximize the development return from financial transfers and minimize their possible negative effects.

Hypotheses of the study: the study hypotheses are based on the following hypotheses:

1. There is a statistically significant direct correlation between remittances and sustainable economic growth in sub-Saharan Africa.
2. The impact of remittances on economic growth varies between countries with high flows and those with limited flows.
3. The productive use of remittances contributes to more sustainable economic growth compared to short-term consumer uses.

Study Variables:

1. Independent variable: financial transfers (Remittances) – is measured by the volume of transfers as a percentage of GDP.

2. Dependent variable: sustainable economic growth and is measured by the real GDP growth rate with sustainable development indicators.
3. Control variables: foreign direct investment, foreign aid, human capital, and poverty index.

Standard model: the study adopted the expanded growth model that integrates financial transfers among the determinants of sustainable economic growth. The mathematical model can be represented as follows:

$$GDPG_{it} = \beta 0 + \beta 1\ \mathrm{REM}_{it} + \beta 2\ \mathrm{FDI}_{it} + \beta 3\ \mathrm{ODA}_{it} ++ \beta 4\ \mathrm{HC}_{it} + \beta 5\ \mathrm{POV}_{it} + \mu_i + \varepsilon\_it$$

Where:

- GDPG_it: the real economic growth rate of the country (i) Per Year (t).
- REM_it: remittances as a percentage of GDP.
- FDI_it: foreign direct investment as a percentage of GDP.
- ODA_it: official development assistance.
- HC_it: human capital index (education and health).
- POV_it: poverty level.
- μ_i: country-specific unobserved effects (Individual Effects).
- ε_it: random limit (Error Term).
- β0: fixed regression.
- B1, β2, β3 ……. B5: influence coefficients for explanatory variables.

LITERATURE REVIEW

Developing countries in Sub-Saharan Africa suffer several economic issues, including insufficient financial systems, volatile political settings, poor infrastructure, and unemployment. Although foreign aid and direct foreign investments continue to play important roles in the lives of many people and communities, remittances have emerged as a significant source of income. However, there is still debate over the long-term influence of remittances on sustainable economic growth. While some believe that remittances encourage investments in health care, education, and small companies, all of which are key drivers of economic growth, others claim that they undermine incentives for residents to participate in the local economy and promote reliance.

In light of previous research such as Adams and Cuecuecha (2013), Gupta et al. (2009), as well as Ratha et al. (2020), the goal of this paper is to determine how remittances impact long-term economic development and makes recommendations for optimizing their benefits in Sub-Saharan Africa. For example, Adams and Cuecuecha (2013) argues that remittances can reduce poverty by a certain extent and raise investment in Ghana, which benefits both household welfare and long-term economic growth. Remittances to Sub-Saharan Africa have reached record highs, and these demonstrate their vital role in supporting households by means of improving consumption, health, and education (World Bank, 2023). Whilst Gupta et al. (2009) posit that remittances promote savings and investments in countries, where the recipients live, thus enhancing financial development and alleviating poverty in the region.

The paper intends to evaluate the influence of remittances in sub-Saharan African economies in their quest for long-term socioeconomic development. And this entails undertaking detail analysis of how remittances contribute to socioeconomic growth, stability, and improvement of the wellbeing residents. The paper does a comparatives analysis of socioeconomic benefits accruing from the flow of remittances to high-recipient countries and those that do not receive any remittances.

Remittances are defined by the World Bank as individuals' exchanges and stipends of workers that migrant remit to their families and communities for defined or undefined purposes. Remittances are monies or other forms of financial assets that people who are residing in other countries mostly developed countries or transitioning economies send to their home-countries usually developing economies as a means of support for their family, friends or communities. Remittances do not only constitute a very important means of finance to a lot of families in recipient-countries, but they also play crucial role in socioeconomic development, social cohesion, and poverty reduction. Remittances can be described as a vital means of livelihood and also contribute to general development by influencing the economic development in a wide range of mechanisms.

Remittances increase the income of families, which mainly assists families to meet their basic needs such make ends-meet, school fees, pay for home rents, Adams and Page (2005) define these basic needs to include medical care, shelter, food, and education. Relatives who receive transfers characteristically have improved consumption level and better access to resources, and this promotes their living standards in general (World Bank, 2019). The flow of remittances also assists recipient-countries by improving the integration of monetary system as well as reducing foreign exchanges imbalances. Relatives in underdeveloped or rural areas might benefit from remittances, which provides with a regular flow of income that helps them to access financial services such as loans, savings accounts, and investments (IFAD, 2020).

Also, remittances are required to help people, groups, and /or communities that are socially or financially underprivileged especially women, who, according to Universal Association for Relocation (2018), sometimes encounter administrative or financial difficulties. Remittances do not only improve the individual's wealth, but it also plays very significant role on the macroeconomic situation of recipient countries. Remittances boot the general financial development and stability as they are capable of stabilizing exchange rates and improving savings (Ratha et al., 2020. The World Bank (2021) posits that remittances assist small and medium scale businesses, non-governmental organizations, charity funds, and promote the growth of firms thereby creating jobs.

The flow of remittances offers a great opportunity for achieving sustainable development targets, however, to reach these goals Remittances offer an excellent chance to assist sustainable development, but it is important to overcome certain risks and constraints. One of the major challenges is the high cost of remittance exchanges that is capable of hurting recipient nations' reputations and reduce their ability to successfully fight poverty and promote socioeconomic growth (World Bank, 2021). Some concerns have been defined according to De Haas (2007), which amongst other things include how recipient-countries' efforts to develop socioeconomically and become economically independent could be hindered due to overreliance on the flow of remittances. Thus, it is critical study the effects of remittances, particularly, how their flow influences sustainable economic performance of developing countries.

Policymakers, experts, and other development partners could develop roadmaps, agreements and channels that can help maximize the potential of remittances in promoting inclusive development, alleviate poverty, and boost socioeconomic development plans.

The most important determinants and obstacles of the study are the limited reliable statistical data in some countries, the different mechanisms for collecting information between institutions, in addition to the difficulty of separating the impact of remittances and other economic factors such as foreign investment and international assistance. Fluctuations in exchange rates and world commodity prices also pose additional obstacles affecting the interpretation of the results.

The first deals with the theoretical framework of financial transfers and their relationship to sustainable development, the second examines the reality of remittances in sub-Saharan Africa through modern statistical indicators, and the third is devoted to the standard analysis of the impact of remittances on economic growth and the submission of proposals and policies to maximize their benefits.

The flow of remittances is the transfer of funds or other assets that migrants send to their home countries. The impact of remittances in developing countries has attracted a lot of attention in economic literature due to their potential effect on recipient nations' economic development. This paper investigates the relationship between the flow of remittances and the ability of recipient-countries' to improve their socioeconomic and environmental systems. For instance, Adams and Page (2005) argue that the flow of remittances provides an important additional source of income for a lot of families in developing countries, which help in reducing poverty and improving financial stability. Many scholars indicate that households or groups who receive remittance get access to healthcare and education services more frequently as they are better placed to afford them, and this helps in enhancing their quality of life generally. Particularly, Ratha et al. (2020) explains that the flow of remittances could enhance financial development by promoting small and medium enterprises, improving family consumption, and supporting development projects.

Thus, the flow of remittances offers recipient-countries both social and economic benefits. The flow of remittance serves as an extra money to recipient-families, which improves their social well-being and help them access certain basic services. This leads to changes in community or society as well as the living standard of residents (IFAD, 2020). Additionally, the flow of remittances empowers women as well as other marginalized groups as its cuisines their financial pressure and provides them with financial assistance that fosters gender parity (IOM, 2018). Moreso, remittance flows strengthen social structures and community ties, which promotes group activities and social cohesiveness (De Haas 2007).

Although the impact of remittance flow in developing countries has received a certain level of attention, however, results on their benefits are inconclusive, thus studies on how the flow of remittances provide extra resources for economic progress is required. For example, Guzman and Yang (2013) highlight that remittances help in the preservation of natural resources and the management of assets sustainably by boosting investments in renewable energy and other environmentally friendly projects and provide support for environmentally friendly initiatives. Furthermore, by encouraging national development initiatives and for the development and implementation of sustainable agriculture methods (Dark et al., 2020).

Despite their potential advantages, the flow of remittances also poses a certain among of difficulties and risks to socioeconomic development. Among the things that countries receiving remittances need to look into is the dependency on remittance inflows, fluctuating trade rates, and high currency rates (World Bank, 2021). Some researchers have raised red flags with respect to the possible challenges that remittances may lead to local job markets, social values, and social cohesiveness (De Haas, 2007). As the reduction of poverty may directly correlated with remittance flows due to the fact their flow increases household incomes and allow families to pay for better housing, healthcare, and education. This is particularly crucial to alleviating poverty in nations with high levels of poverty. For instance, in Kenya and Uganda the flow of remittances is demonstrated to significantly reduce poverty rates since remittance flows increase the income of households and safeguard their finances against unexpected drops in the economy (World Bank, 2022; Adams & Cuecuecha, 2010). Also, Gupta, Pattillo, and Wagh (2009) indicate that remittances typically benefit lower-income families by helping in the redistribution of wealth and breaching the income inequality gap. Remittance flows play a crucial role in improving and boosting human capital investment in sub-Saharan African countries. To attain long-term sustainable economic growth requires investments in healthcare and education, which, by a large extent, are funded with money received in the form of remittances. The flow of remittances plays a vital role in improving educational attainment and increasing access to healthcare in sub-Saharan African economies like Ethiopia, both of which are required for building a skilled labour force (Ratha et al., 2021). Lastly, remittance flows boost entrepreneurship through the provision of money for small businesses, stimulating job creation, and increasing economic progress (United Nations Development Programme, 2020).

CONCEPTUAL FRAMEWORK

Remittances, or the money or other resources that migrant workers send back to their home countries, are critical to long-term development. The purpose of this conceptual framework is to provide light on how remittances contribute to the long-term viability of developing countries' economies, cultures, and surroundings.

1. Remittance flows lead to the development of a sustainable economy by providing recipient-families with a regular source of income for certain basic need like food, shelter, and education. Through these mechanisms, remittance flows help in alleviating poverty (Adams & Page, 2005). Ratha et al. (2020) suggested that the flow of remittances benefits small and medium firms, improve consumption, and boost investment initiatives. Thus, remittances consequently contribute to the general financial growth and prosperity of the economy.
2. The World Bank (2019) indicate that remittance flows increase social and economic sustainability by improving the well-being of people. Families that get remittances tend to consume more and have better access to key services, raising their overall standard of living. Remittances are paid to women and other marginalised groups on a regular basis to promote gender equality and provide financial support.
3. Remittances have two effects on environmental sustainability: they can help to develop rural areas and encourage the adoption of sustainable agricultural practices, both of which promote environmental sustainability; they can also fund environmentally friendly initiatives and investments in renewable energy and conservation projects, which help to preserve the environment (Guzman & Yang, 2013).
4. Whereas the flow of remittances can be beneficial, they can also pose long-term development challenges. Some of these challenges include over-reliance on remittances, which can undermine programs aimed at encouraging economic diversification and self-sufficiency, raising concerns about their long-term viability. High Transaction Costs: If remittance transfers are too expensive, they may be less effective in reducing poverty (World Bank, 2021).

Foreign investment in developing countries: a case study of sub-Saharan Africa

This study assesses the flow of essential finances from overseas to sub-Saharan African nations in order to emphasize the need of foreign currency, particularly remittances. These sources of foreign funding are Official Development Assistance (ODA), sometimes known as official aid (Fig. 1), Foreign Direct Investment (FDI) (Fig. 2), and remittances (Fig. 3).

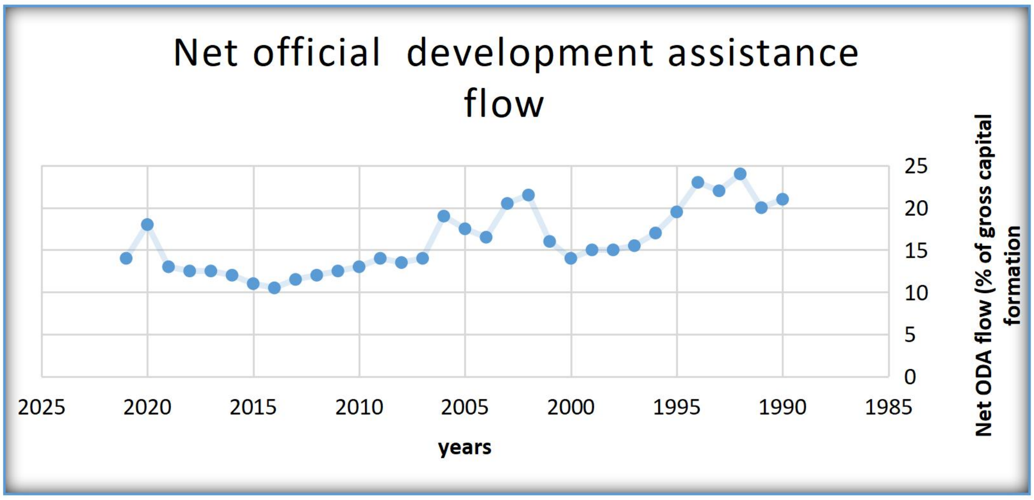

Figure 1. Official development assistance flow to sub-Saharan Africa
Source: Prepared by the author (2025)
The dramatic decline in government development aid to Sub-Saharan Africa since the 1990s is depicted in Figure 1. However, there have been a few instances where the total has increased, such as in 2002, 2006, and 2020. It is crucial to keep in mind that various forms of capital support development and infrastructure initiatives that promote socioeconomic advancement, helping the nations in the region make up for their inadequate domestic resources.

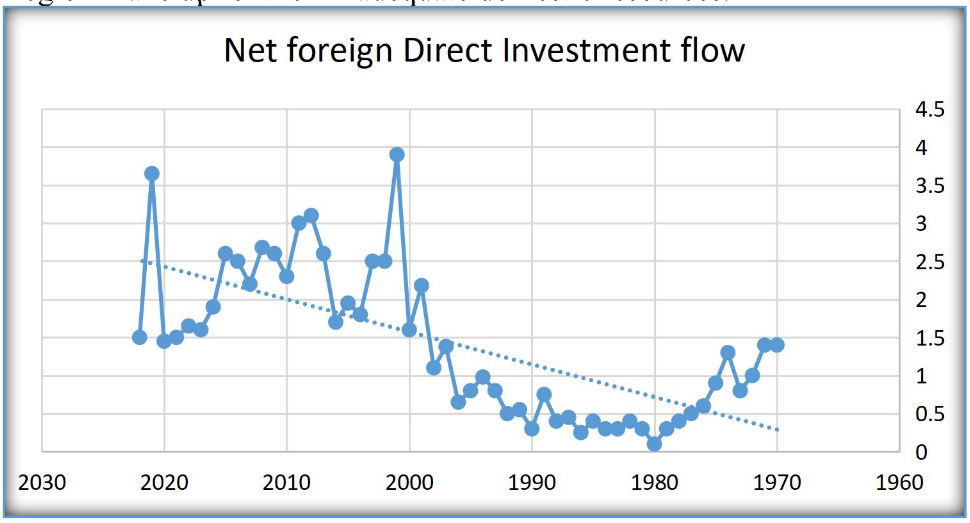

Figure 2. Foreign Direct Investment flow to sub-Saharan Africa
Source: Prepared by the author (2025)
Although the amount has fluctuated, foreign direct investment into Sub-Saharan Africa has been increasing consistently since 1970, with 1980 recording the lowest inflow ever. According to Figure 2, the year with the most FDI received was 2002. One of the main sources of funding for emerging nations is foreign direct investment, or FDI. Because these countries lack infrastructure and resources, foreign direct investment (FDI) enters the picture to assist development projects and bring in foreign technologies in an effort to stimulate economic growth. This could help the region meet its long-term objectives as well as its socioeconomic needs.

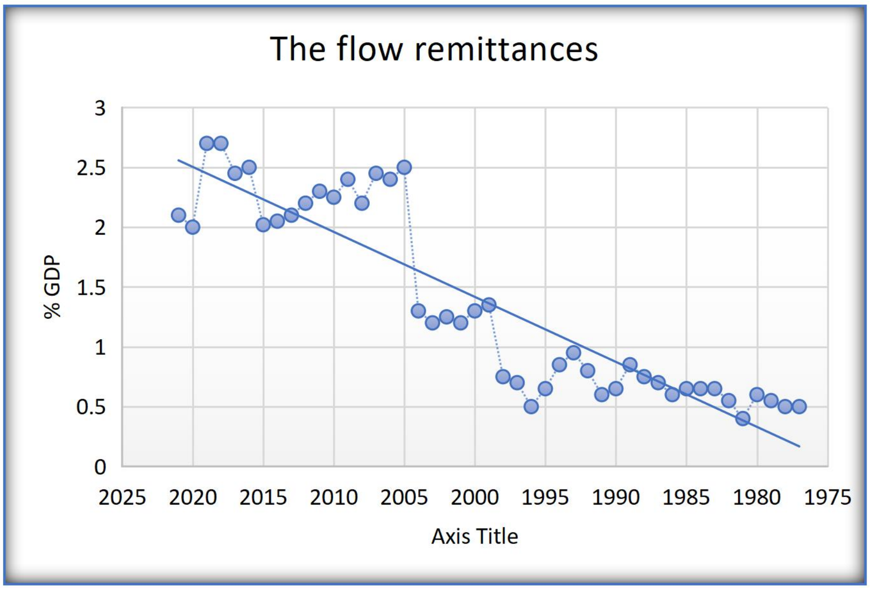

Figure 3. Remittances flow to sub-Saharan Africa
Source: Prepared by the author (2025)

Remittances are a substantial source of personal income for residents of underdeveloped countries. It is evident that Sub-Saharan Africa's high unemployment rate contributes to the horrible poverty and inequality that exist there, depriving the region's population of basic services like healthcare and education. In order to provide for their families and meet their basic needs, migrants frequently send money home. Remittances are occasionally used to finance startup businesses and other endeavors. Thus, this type of finance promotes economic growth by increasing people's purchasing power and demand for goods and services, both of which support corporate expansion. Despite continuous variations, remittances to Sub-Saharan Africa have been trending favorably, as illustrated on Figure 3.

DATA AND RESULTS

The study relies on the least squares regression model (OLS) to measure the impact of remittances on economic growth in sub-Saharan Africa by introducing remittances as an additional capital element in the expanded economic growth model. The model includes an assessment of the relationship between economic growth and a number of determinants such as capital accumulation, employment volume, and technological progress, focusing on remittances as an external source of financing that promotes consumption, saving, and investment in human capital.

The study used Panel Data for a number of selected countries, and a regression analysis was performed using the XLSTAT program to estimate the magnitude of the impact of remittances on GDP growth, compared to other economic factors.

Statistical results: Table 1 shows a strong correlation between remittances and economic growth in most countries with high remittance flows, in particular Senegal and Nigeria, where the correlation coefficients were 0.989 and 0.925, respectively. These results indicate that the increase in remittances in these countries is directly reflected in the increase in household spending, supporting small businesses, and expanding investment in education and Health, which contributes to enhancing economic growth.

By contrast, both the Central African Republic and Burundi show Limited or negative correlation coefficients (-0.389 and 0.464, respectively), which reflects the weak developmental benefit of remittances due to their limited volume, as well as structural challenges such as political instability, weak institutions, and the absence of supporting economic infrastructure.

Table 1. Correlation between remittances and economic growth: sample of Sub-Saharan countries and level of impact.

Countries	Correlation coefficient (r)	Relationship significance
Sub-Saharan Africa	0.948	A very strong relationship
Senegal	0.989	The strongest relationship in the sample
Nigeria	0.925	Strong relationship
Burundi	0.464	A weak relationship
Central African Republic	-0.389	Negative relationship

Source: Prepared by the author (2025)

These nations differ economically from those with lower remittance inflows - such as the Central African Republic, and Burundi - in terms of GDP growth, reducing poverty, gaining access to healthcare, and maintaining political stability. Lower remittance nations struggle to attain comparable levels of development, whereas higher remittance inflow nations, for example, usually experience improvements in household spending, improved access to healthcare, and investments in infrastructure and education.

Justification for the selection of the sample countries: Nigeria, Senegal, Burundi and the Central African Republic were chosen as they represent different levels of remittance flows:

- Nigeria: the largest recipient of remittances in the region.
- Senegal: remittances are the main source of income for many families.
- Central African Republic and Burundi: the lowest recipients of remittances.

This discrepancy makes it possible to compare the impact of remittances in different economic and social contexts, and allows understanding how the volume of flows affects their development effectiveness.

Also, remittances come from Kenya's sizable diaspora and Ethiopia is increasing remittances for development, but Zimbabwe is dependent on them due to economic instability.

Results of Economic Analysis: standard tests, including regression and the method of difference in differences (DiD), revealed that remittances in countries with large flows contribute to:

- Significant poverty reduction؛
- Increase household spending on health and education؛
- Providing initial capital to finance small projects؛
- Promote economic growth by increasing demand for goods and services.

In contrast, the results showed that excessive dependence on remittances may cause negative effects such as:

- Low actual participation in the labor market؛
- Increased inflationary pressures؛
- Weak incentives for long-term domestic investment.

Table (2): results of the regression model (FE Model)

variable	Coefficient β	Std. Error	t-Statistic	Prob. (p-value)	Statistical significance
REM	0.412	0.085	4.86	0.000	Statistically significant at 1%
FDI	0.227	0.061	3.71	0.000	Statistically significant at 1%
ODA	0.053	0.028	1.87	0.062	Close to statistical significance
HC	0.318	0.077	4.12	0.000	Statistically significant at 1%
POV	-0.295	0.066	-4.48	0.000	Statistically significant at 1%
Constant	1.82	0.45	4.03	0.000	—

Source: Prepared by the author (2025)

R2 = 0.71-the model explains 71% of the change in economic growth. F-Statistically significant at is at the level of 1%.

Financial transfers have proven to have a positive and moral impact on economic growth, which supports the first hypothesis, and foreign investment and human capital have shown a strong and positive impact, which strengthens the justifications for integrating them as explanatory models. Since the poverty index had a negative moral impact, which confirms the inverse relationship between poverty and growth, foreign aid did not show a clear effect, which is in line with modern literature.

Comparative analysis: Figure 4 shows the trends of remittances in the selected countries, and shows that countries with high flows are experiencing accelerated improvements in living standards and social infrastructure, compared to countries with limited flows that suffer from weak economic growth, limited access to health services, and high levels of poverty.

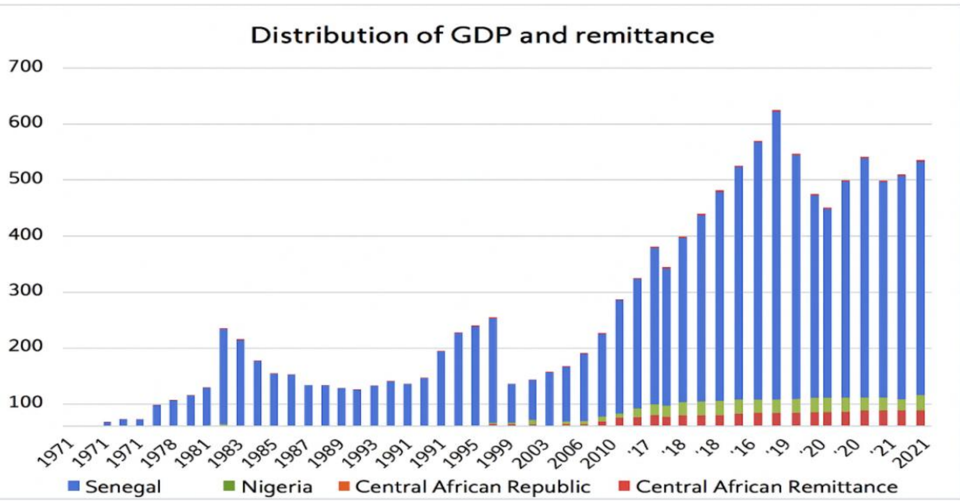

Figure 4. Analysis of the flow of remittances in selected sub-Saharan African countries

Source: Prepared by the author (2025)

Econometric techniques like difference-in-difference (DiD) analysis and a regression were used to analyze the data. Using Xlstat the impact of remittances on GDP growth was assessed. It based on the results (table 1) it was revealed that in recipient countries, remittances significantly reduce poverty and raise household spending. And as people are able to make ends meet and save some money for rainy days, it improves their healthcare spending in nations with high remittance inflows. Countries that receive remittances tend to see faster rates of economic development because they allocate more resources to small companies and education. However, a greater dependence on remittances could result in reduced labor force participation and inflation, among other economic inefficiencies.

Based on the results herein as well as the reviewed literature this paper makes the following policies recommendations that could make the flow of remittances achieve greater socioeconomical and pollical impact in the area of education, healthcare as well as infrastructural development:

- To promote the efficient use of funds for investments in regional infrastructure and companies, SSA nations should create rules that cover remittances into official financial institutions.

- To direct remittances towards significant development projects, governments could issue diaspora bonds.

- To guarantee that remittances sustain economic growth, nations should put in place financial literacy programs that assist beneficiaries in using their money for investments, savings, and education.

- Mobile banking and better financial access can make remittances easier and more affordable, which will increase their beneficial benefits.

Standard analysis: Using standard analysis tools such as multivariate regression and difference-in-Differences analysis, the study reached the following results:

1. Remittances have a significant impact on economic growth in countries with high flows, as they contribute to an increase in consumer and investment spending, which is reflected in GDP.
2. Poverty has clearly decreased in the countries receiving remittances, as the ability to spend on health care, education and housing has improved.
3. In turn, an excessive dependence on transfers may lead to:
   - reduce workforce participation in local activities‹
   - raising inflation levels in some cases‹
   - Increase the risks of external shocks associated with the labor markets in the diaspora countries.
4. The results also confirm that remittances contribute to the financing of entrepreneurship and microenterprises, which creates new jobs and contributes to improving socio-economic well-being, but this effect remains dependent on the presence of strong financial institutions and low-cost transfer channels.

The standard results based on panel data for a group of sub-Saharan African countries showed that remittances play a varying role in supporting sustainable economic growth, according to the different levels of their flows between countries. The analysis showed a positive and significant linear relationship between remittances and economic growth in countries with high flows (such as Nigeria and Senegal), versus a weak or even negative relationship in countries with low flows (such as Burundi and the Central African Republic).

The results also showed that remittances contribute significantly to improving consumption levels, increasing the ability of households to finance health and education services, in addition to strengthening human capital. On the other hand, the excessive dependence of some countries on remittances has led to a decrease in participation in the local labor market and high inflation levels, which limits the positive impact of remittances on sustainable economic growth.

Correlating the results with the study hypotheses:

The first hypothesis: There is a statistically significant direct correlation between remittances and sustainable economic growth in sub-Saharan Africa. Fully subsidized in countries with high flows (Senegal r=0.989, Nigeria r=0.925). It is not supported in countries with weak flows (Burundi r=0.464, Central Africa r=-0.389).

The hypothesis is therefore partially correct, and it depends on the level of remittance flow and the efficiency of the economic environment.

The second hypothesis: The impact of remittances on economic growth varies between countries with high flows and those with limited flows. Strongly supported, as there was a clear discrepancy in the correlation coefficient and the nature of growth between the two groups. This disparity is related to institutional factors, political stability, effective investment channels, and the extent to which countries are able to direct remittances towards productive uses.

The third hypothesis: The productive use of remittances contributes to more sustainable economic growth compared to short-term consumer uses. The analysis showed that countries that direct remittances towards investment, education and health have achieved stronger and more sustainable economic growth.

While in some countries, the effects of consumer remittances have been limited to improving living standards only, without a clear impact on long-term growth.

Study limits: the study suffers from a set of determinants, the most prominent of which are:

1. Limited data are available for some African countries, especially related to human capital and poverty.
2. Different data collection systems between countries have led to discrepancies in the accuracy of statistical records.
3. The difficulty of isolating the impact of remittances from external economic factors, such as exchange rate fluctuations or political shifts.
4. The study is based on macro-level data, which may not accurately reflect the impact of remittances at the household level.

These determinants do not reduce the strength of the results, but they provide a necessary explanatory framework as required by refereed journals.

CONCLUSION

One important element supporting long-term growth in poor countries is remittances. Remittances have the power to advance sustainable progress from a variety of angles, such as lowering poverty, encouraging economic growth, luring in women, and safeguarding the environment. All things considered, a variety of tactics, such as programs to reduce exchange rates, improve financial literacy, and promote successful speculation in recipient nations, are required to get over the challenges and maximize the benefits of remittances.

The results of this study confirm that remittances are a key source of support for sustainable economic growth in sub-Saharan Africa, as they clearly contribute to reducing poverty, improving human capital, and financing productive activities. The standard analysis has shown that countries with high flows benefit more from remittances than countries with low flows, given the disparity of institutional and economic capacities between countries. Despite its positive connotation, remittances are not a substitute for building a strong local economy, as excessive dependence on them can lead to reduced participation in the labor market and increase economic fragility. Therefore, maximizing the impact of remittances requires developing the financial environment, reducing transfer costs, expanding financial inclusion channels, and directing resources towards productive sectors and human infrastructure.

The study concludes that remittances can be a powerful tool for achieving sustainable development if invested within the framework of integrated economic policies based on a long-term vision that enhances economic and social stability in the region.

RECOMMENDATIONS

1. Strengthening the institutional and financial framework for remittances: Develop banking and technical systems to reduce transfer costs and increase their transparency, and encourage transfers through official channels through financial and tax incentives for expatriates.
2. Directing transfers towards productive uses: The establishment of national investment funds to finance development projects in the agriculture, energy and infrastructure sectors, instead of being limited to short-term consumer uses.
3. Raising financial awareness of beneficiary families: Launching financial education programs to encourage saving and investment, and promoting economic culture to maximize the development impact of remittances in the long term.
4. Balancing remittances and economic policies: Linking remittance flows to monetary and fiscal policies to ensure exchange rate stability, reduce inflation, and support a stable macroeconomic environment.
5. Strengthening regional and international cooperation: Expand cooperation between sub-Saharan African countries and international financial institutions to exchange experiences and attract remittances towards sustainable development projects.
6. Improving monitoring systems and official statistics: Creating accurate and up-to-date databases on financial transfers and employing them, in order to support decision makers in formulating effective policies that maximize the development benefits of remittances.

REFERENCES :

1. Adams, R. H. Jr., & Cuecuecha, A. (2010). Remittances, Household Expenditure and Investment in Guatemala. World Development, 38(11), 1626-1641. https://doi.org/10.1016/j.worlddev.2010.03.003
2. Adams, R., & Page, J. (2005). Do international migration and remittances reduce poverty in developing countries? World Development, 33(10), 1645–1669. https://doi.org/10.1016/j.worlddev.2005.05.004
3. Adams, R.H., & Cuecuecha, A. (2013). The Impact of Remittances on Investment and Poverty in Ghana. World Development, 50, 24-40. https://doi.org/10.1016/j.worlddev.2013.04.009
4. Black, R., Wallace, T., Shankar, B., & Olanrewaju, A. (2020). The Role of Remittances in Supporting Sustainable Agriculture and Rural Livelihoods. Sustainability, 12(11), 4696.
5. De Haas, H. (2007). Remittances, migration, and social development: A conceptual review of the literature. United Nations Research Institute for Social Development. https://www.files.ethz.ch/isn/102848/34.pdf
6. Gupta, S., Pattillo, C. A., & Wagh, S. (2009). Effect of Remittances on Poverty and Financial Development in Sub-Saharan Africa. World Development, 37(1), 104-115. https://doi.org/10.1016/j.worlddev.2008.05.007

7. Guzman, G. D., & Yang, D. (2013). The impact of international migration on environmental conservation: Evidence from Mexican forest communities. World Development, 45, 1–15.
8. International Fund for Agricultural Development (IFAD). (2020). Sending money home: Contributing to the SDGs, one family at a time. Retrieved from. https://www.ifad.org/en/web/knowledge/-/document/sending-money-home-contributing-to-the-sdgs-one-family-at-a-time-86076838
9. International Organization for Migration (IOM). (2018). Women's economic empowerment through safe and fair migration. Retrieved from https://www.iom.int/sites/g/files/tmzbdl486/files/country/docs/china/r5_world_migration_report_2018_en.pdf
10. International Organization for Migration. IOM (2021). Impact of Remittances on Poverty in Developing Countries. Geneva: IOM. Available at: IOM Report.https://www.taylorfrancis.com/chapters/edit/10.4324/9781003179900-52/international-organization-migration%E2%80%94iom-helen-canton
11. Ratha, D., De, S., Kim, E. J., Plaza, S., Seshan, G., & Yameogo, N. D. (2021). Migration and Development Brief 34: Resilience: COVID-19 Crisis through a Migration Lens. Washington, DC: World Bank. Available at: World Bank Report https://reliefweb.int/report/world/migration-and-development-brief-34-enarruzh
12. Ratha, D., Mohapatra, S., Ozden, C., Plaza, S., Shaw, W., & Shimeles, A. (2020). Migration and development brief 33. Migration and Development Brief, 33, 1–22.
13. United Nations Development Programme. (2020). Human Development Report 2020. New York: UNDP. Available at: UNDP Report https://annualreport.undp.org/2020/assets/UNDP-Annual-Report-2020-en.pdf
14. World Bank. (2019). Migration and remittances factbook 2016. Retrieved from https://www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data
15. World Bank. (2021). Migration and remittances data. Retrieved from https://www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data
16. World Bank. (2022). Migration and Development Brief 36. Washington, DC: World Bank. https://doi.org/10.1596/978-1-4648-1730-4
17. World Bank. (2022). Remittances data. Retrieved from https://data.worldbank.org/topic/migration-remittances.
18. World Bank. (2023). Migration and Remittances Data. World Bank Group. https://www.worldbank.org/en/topic/labormarkets/brief/migration-and-remittances