



The Effect of Diaspora Remittances on Economic Growth in Malawi*

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ABSTRACT

This paper examines the effect of Diasporas' remittance on economic growth in Malawi by using an auto regressive distributed lag (ARDL) model or Bound Testing approach. The study employed time series data for Malawi from 1985 to 2015. The outcome of the study revealed that, the impact of Diasporas' remittances during the study period is positive and significant. Besides this, the other growth determinant factor which was found positive and has significant effect on economic growth of Malawi was official development assistance (ODA) while population growth was significant but negatively affected growth. The effect of other determinant factors on economic growth of Malawi happened to be insignificant. This study therefore recommends that the government of Malawi should work on policies which would encourage the Malawians in the Diaspora to remit more to their country. This includes easing the receiving processes of remittances, introducing dual citizenship, and engaging Diaspora in the development plan of Malawi.

Key word: Diasporas' remittances, Economic Growth, ARDL, Malawi

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