Bridging Legal and policy Gaps for Migrant and Refugee Entrepreneurship in Nigeria: A Path to Economic Inclusion

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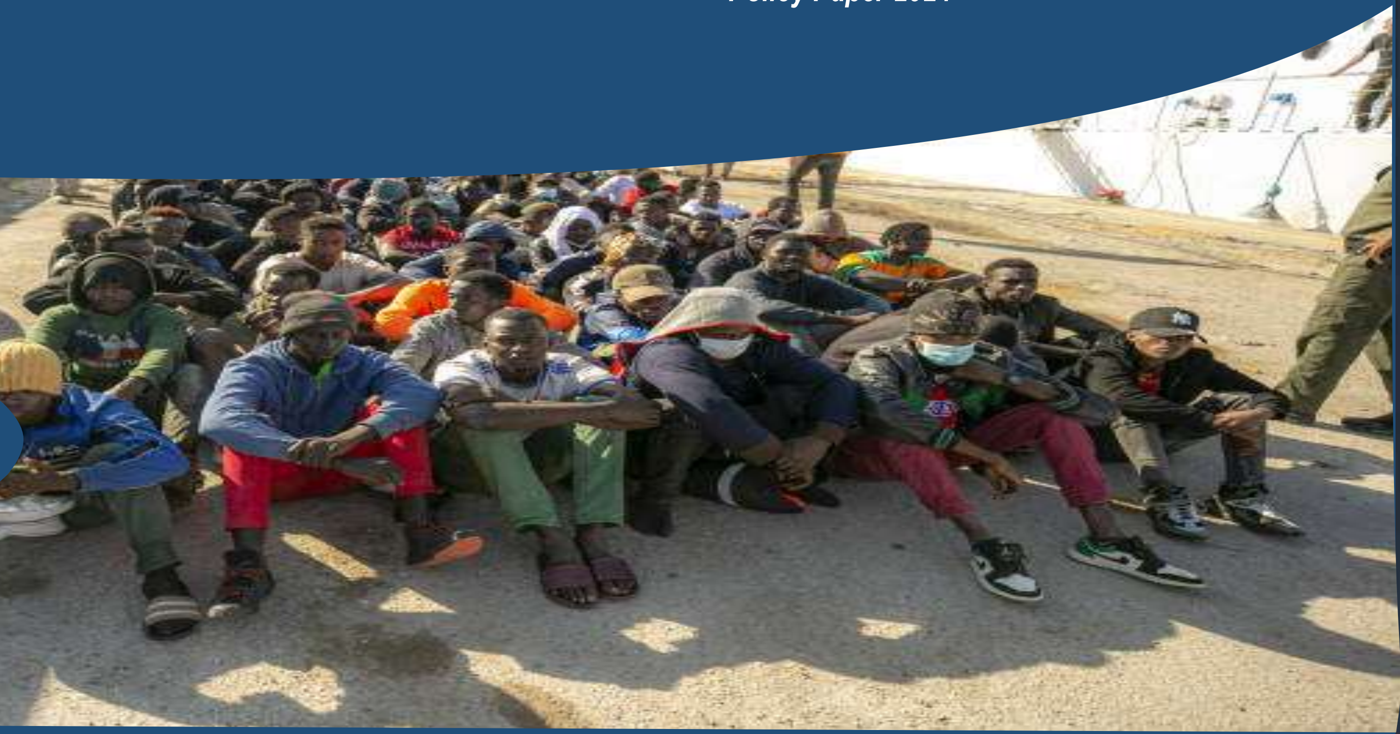

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1.INTRODUCTION

Migrant and refugee entrepreneurship contributes significantly to economic growth, job creation, and innovation. Around the world, displaced populations have demonstrated resilience and ingenuity, establishing businesses that not only sustain their livelihoods but also contribute to host economies. Nigeria, as a key destination for migrants and refugees in West Africa, has seen an influx of individuals seeking safety, security, and economic opportunities. However, while their presence has the potential to enhance economic dynamism, existing legal and institutional frameworks create barriers that limit their ability to contribute effectively.

Nigeria hosts refugees and migrants from neighboring countries and beyond, many of whom possess entrepreneurial skills and business acumen. Despite this, systemic challenges—including unclear legal statuses, restrictive business registration requirements, and limited access to finance—prevent many from formalizing and scaling their businesses. Without clear legal rights, many migrant and refugee entrepreneurs are forced into the informal sector, making them vulnerable to exploitation, financial insecurity, and regulatory crackdowns. Moreover, discriminatory lending practices and social prejudices further compound the difficulties faced by this group, stifling their economic potential and integration into local communities.

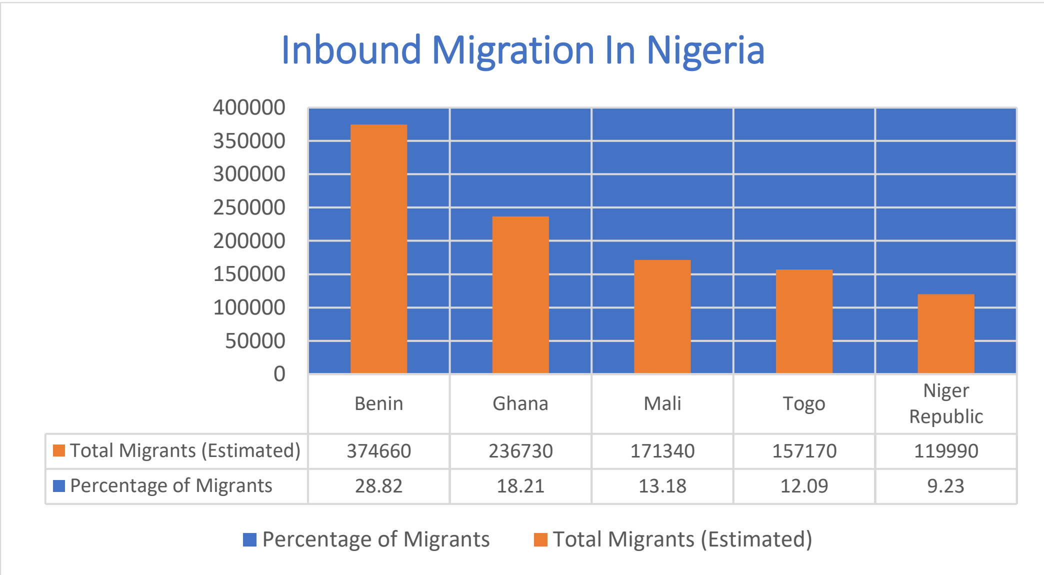
Addressing these barriers requires a multi-faceted approach involving legal reforms, institutional support, and financial inclusion strategies tailored to the unique needs of migrant and refugee entrepreneurs. By fostering a more inclusive business environment, Nigeria can leverage the economic contributions of these entrepreneurs while strengthening social cohesion and economic resilience. This policy paper examines the specific challenges they face, identifies gaps in existing regulations, and proposes actionable policy recommendations to create a more enabling environment for migrant and refugee entrepreneurship in Nigeria.

2. MIGRATION TRENDS IN NIGERIA: A DATA-DRIVEN ANALYSIS

Migration has been a defining feature of Nigeria's demographic landscape, with significant internal and international migration flows shaping the country's economic and social structures Migration in Nigeria exhibits dynamic trends influenced by economic, social, and political factors. As a major player in West Africa, Nigeria experiences both inward and outward migration, with significant patterns emerging over the years..

3. INBOUND MIGRATION: A REGIONAL PERSPECTIVE

Nigeria remains a key destination for immigrants, particularly from neighboring West African nations. As of 2020, the country hosted approximately 1.3 million migrants, accounting for about 0.63% of its total population. The majority of these migrants originate from Benin (28.82%), Ghana (18.21%), Mali (13.18%), Togo (12.09%), and Niger Republic (9.23%). [1]These five countries collectively contribute over 80% of the immigrant population in Nigeria.



Source: https://migrants-refugees.va/country-profile/nigeria/ . Author's Analysis

Historically, migration from West African nations has been driven by economic opportunities, cultural ties, and regional agreements such as the ECOWAS Free Movement Protocol, which facilitates unrestricted movement within member states. Many migrants from these countries engage in informal trade, agriculture, and labor-intensive industries. This increase can be attributed to Nigeria's relatively stronger economy compared to its neighbors, attracting job seekers, traders, and refugees escaping conflicts in their home countries.

4. OUTBOUND MIGRATION OF NIGERIANS: A CRISIS-DRIVEN TREND

Outward migration from Nigeria has been significantly influenced by a complex interplay of socioeconomic, environmental, and security challenges. The country faces deep-rooted socio-cultural tensions, particularly the division between northern and southern Nigeria, which has

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[1] Migrants & Refugees Section. (2020). *Nigeria: Country profile on migration and refugees*. Migrants & Refugees Section, Vatican. Retrieved from https://migrants-refugees.va/country-profile/nigeria/

exacerbated instability and led to large-scale displacements (Migrants & Refugees Section, 2023)[2]. Economic pressures, including unemployment, high inflation, and poverty, contribute to widespread insecurity, forcing many Nigerians to seek better opportunities abroad. Additionally, climate change-related disasters have triggered conflicts over land and resources, further driving migration. As a result of these factors, Nigeria recorded 3,098,404 internally displaced persons (IDPs) in 2022, with 375,552 displaced by violence and conflict, and 24,366 affected by climate-related disasters, especially floods (Migrants & Refugees Section, 2023).[3] Insecurity in northern Nigeria, particularly in Katsina, Sokoto, and Zamfara, has been aggravated by violent clashes between Fulani herdsmen and Hausa farmers, alongside rising rural banditry, kidnappings, sexual violence, and extortion. These conditions have not only led to mass internal displacement but have also forced many Nigerians to flee the country in search of safety. By 2022, 400,633 Nigerians had crossed borders and were recognized as refugees. As of March 31, 2023, the total number of Nigerian refugees living in other countries stood at 336,862, with the majority seeking asylum in Niger, Cameroon, and Chad (Migrants & Refugees Section, 2023)[4]. These migration flows highlight the urgent need for comprehensive policies to address economic insecurity, climate adaptation, and conflict resolution, as well as international cooperation to support displaced populations.

3. THE ROLE OF MIGRANT AND REFUGEE ENTREPRENEURSHIP IN ECONOMIC DEVELOPMENT

Migrant and refugee entrepreneurs significantly contribute to Nigeria's economic development through various avenues:

A. **Employment Creation:** Migrants often establish businesses, and these entrepreneurs generate job opportunities for both migrant populations and local communities, thereby reducing unemployment rates and fostering economic stability. For instance, a study on immigrant entrepreneurship in Nigeria highlights how these ventures support the livelihoods of migrants and stimulate local economies by creating employment opportunities (Ojo, 2022).

B. **Innovation and Introduction of New Products and Services:** Migrant entrepreneurs often bring unique skills and perspectives, leading to the introduction of innovative products and services. This infusion of new ideas enhances market diversity and can

[2] Ibid
[3] Ibid
[4] Ibid

drive competition, benefiting consumers and encouraging overall economic growth. Research indicates that despite limited resources, migrant entrepreneurs can establish firms that cater to community needs and contribute to local economic development (Jones et al., 2018).

C. **Strengthening Trade and Investment through Transnational Business Linkages:** Leveraging connections between their countries of origin and host nations, migrant entrepreneurs facilitate international trade and attract investment. These transnational networks can open new markets for Nigerian products and services, promoting economic expansion. The United Nations Conference on Trade and Development (UNCTAD) emphasizes that migrant and refugee entrepreneurship offers significant opportunities for economic growth by promoting trade and investment through these linkages

D. **Enhancing Diversity and Fostering Cultural Exchange:** The diverse cultural backgrounds of migrant entrepreneurs enrich the social fabric of Nigerian communities. Their businesses often introduce cultural products, cuisines, and practices, fostering mutual understanding and cultural exchange, which can enhance social cohesion and community resilience. A systematic literature review on refugee entrepreneurship notes that such entrepreneurial activities enable refugees to integrate successfully into host countries, contributing to cultural diversity and social cohesion (Alrawadieh et al., 2024).

5.LEGAL AND POLICY GAPS FACING MIGRANT AND REFUGEE ENTREPRENEURSHIP IN NIGERIA.

Migrant and refugee entrepreneurs significantly contribute to Nigeria's economic development, yet they face various legal and regulatory barriers. These barriers stem from restrictive immigration laws, gaps in citizenship policies, weak labor rights enforcement, and an absence of structured policies supporting migrant and refugee entrepreneurship. This section critically examines these challenges, analyzing the legal frameworks in place and the implications of their shortcomings.

A. **The Immigration Act of 2015:** The Immigration Act of 2015 establishes the legal requirements for the entry, residence, and employment of foreigners in Nigeria. While it provides a structured framework for regulating foreign nationals, it inadvertently creates obstacles for migrants and refugees seeking to establish businesses. ***Section 18*** mandates a Combined Expatriate Residence Permit and Aliens Card (CERPAC) for any foreigner engaging in business or employment. This process is both financially burdensome and bureaucratically restrictive, rendering it difficult for refugees, many of whom lack formal documentation, to secure the necessary permits. Furthermore, Section 19 imposes stringent work permit requirements that effectively exclude asylum seekers and undocumented migrants from participating in the formal economy. The discretionary authority granted to the Minister of Interior under ***Section 24*** further exacerbates the uncertainty faced by migrant entrepreneurs, as approvals for residence permits are often inconsistent and lack transparency.

B. The **Refugees Act (1989)**: The Refugees Act (1989) is primarily designed to offer protection to refugees but falls short in facilitating their economic integration. Section 8 provides for the issuance of identity documents to refugees; however, it does not explicitly recognize these documents as valid for business registration. This oversight limits refugees' access to formal entrepreneurship opportunities. Additionally, Section 10 mandates that refugees comply with Nigerian laws without granting them specific economic rights, leaving them in a legal limbo where they are subject to regulations without corresponding protections. While Section 14 establishes the National Commission for Refugees, Migrants, and Internally Displaced Persons (NCFRMI) to oversee refugee affairs, the commission’s mandate does not include structured economic support programs, effectively excluding refugees from state-backed entrepreneurship initiatives.

C. The Companies and Allied Matters Act (CAMA) 2020: The Companies and Allied Matters Act (CAMA) 2020 regulates business registration in Nigeria and, in theory, allows foreign individuals, including migrants and refugees, to register businesses. However, ***Section 18*** imposes a requirement for at least two persons to form a company, which is particularly restrictive for individual refugee entrepreneurs. ***Section 78*** permits foreign business registration but demands proof of residence, which is often unattainable for refugees who have not been granted full legal status. Although Section 849 provides a pathway for business name registration, lack of legal documentation remains a critical challenge, preventing many refugees from benefiting from this provision.

D. ECOWAS Protocol on Free Movement, Residence, and Establishment: Nigeria is a signatory to the ECOWAS Protocol on Free Movement, Residence, and Establishment**,** which grants ECOWAS citizens the right to live and work in member states, including Nigeria. However, implementation gaps have led to inconsistent application of these rights. ***Article 2*** allows ECOWAS citizens to enter and reside in Nigeria for up to 90 days, but beyond this period, legal work authorization becomes unclear. Article 5 guarantees the right to establish a business, yet Nigeria's local regulations impose additional registration and licensing hurdles. Article 13 guarantees self-employment rights, but weak enforcement mechanisms mean that ECOWAS migrants still struggle to access business opportunities in Nigeria.

E. The **National Migration Policy (2015):** The **National Migration Policy (2015)** recognizes the economic potential of migrants but does not provide a structured framework for their inclusion in entrepreneurship. *Section **5.2*** acknowledges the role of migrants in economic development but does not translate this recognition into actionable policy measures. *Section 6.1* calls for improved access to documentation for migrants but fails to integrate this with business registration procedures. While Section 7.4 encourages private-sector engagement in migrant economic integration, it lacks concrete implementation strategies, leading to poor execution.

F. **Central Bank of Nigeria (CBN) Know Your Customer (KYC) Regulations**: Financial exclusion remains a significant barrier to migrant and refugee entrepreneurship, primarily due to stringent **Central Bank of Nigeria (CBN) Know Your Customer (KYC) Regulations**. Section 2.3.1 requires all individuals opening a bank account to present a valid government-issued identification document, such as a National Identity Number (NIN) or a passport. Many refugees and undocumented migrants are unable to meet this requirement, effectively barring them from accessing essential financial services. Furthermore, Section 4.2 demands proof of address and a verifiable source of income, further complicating financial access for migrants and refugees who lack stable housing or formal employment.

6. POLICY RECOMMENDATIONS

To address the legal and regulatory challenges hindering migrant and refugee entrepreneurship in Nigeria, a multi-faceted policy approach is needed. The following recommendations provide actionable steps to enhance economic inclusion, legal recognition, and business opportunities for migrants and refugees:

3.1. Reforming Immigration and Work Permit Policies: The Nigerian Immigration Act should be amended to introduce flexible work permit categories tailored for refugees and long-term migrants engaged in entrepreneurship. Specifically, the issuance of work permits under **Section 18** should be simplified, and administrative fees reduced for refugees and asylum seekers. The discretionary authority granted to the Minister of Interior under **Section 24** should be reviewed to provide more transparent and predictable guidelines for migrant residence permits.

3.2. Strengthening the Refugees Act to Include Economic Rights: The **Refugees Act (1989)** should be revised to explicitly grant refugees the right to work and establish businesses. **Section 8**, which mandates the issuance of identity documents, should recognize these documents as valid for business registration and financial transactions. Additionally, **Section 14**, which establishes the National Commission for Refugees, Migrants, and Internally Displaced Persons (NCFRMI), should be expanded to include programs that facilitate access to entrepreneurship training, financing, and market integration.

3.3. Simplifying Business Registration Processes: The **Companies and Allied Matters Act (CAMA) 2020** should be amended to remove unnecessary bureaucratic hurdles for refugee and migrant entrepreneurs. **Section 78**, which requires proof of residence for business registration, should be modified to accept refugee identity documents issued under the Refugees Act as valid proof. Furthermore, the government should implement digital business registration processes that cater specifically to migrants and refugees, reducing the need for in-person verifications that often pose challenges due to mobility restrictions.

3.4. Strengthening the Implementation of ECOWAS Free Movement Protocols

Although Nigeria is a signatory to the **ECOWAS Protocol on Free Movement, Residence, and Establishment**, the full implementation of its provisions remains weak. The government should establish clear regulatory mechanisms to enforce **Article 5**, which guarantees the right of ECOWAS citizens to establish businesses. Additionally, local authorities should streamline business registration requirements to align with regional integration commitments.

4.5. Integrating Migrants into the National Migration Policy Framework: The **National Migration Policy (2015)** should be updated to incorporate structured support for migrant and refugee entrepreneurs. The revised framework should:

- Establish clear pathways for obtaining business permits for asylum seekers and refugees.
- Introduce public-private partnerships to create business incubation hubs tailored to migrant entrepreneurs.

- Ensure the implementation of **Section 6.1**, which calls for accessible documentation, by linking refugee identity documents with business registration systems.

3.6. Improving Financial Inclusion for Migrants and Refugees

The **Central Bank of Nigeria (CBN) Know Your Customer (KYC) Regulations** should be revised to accommodate the financial needs of migrants and refugees. **Section 2.3.1**, which mandates government-issued identification for banking services, should be expanded to include refugee identity cards and alternative verification mechanisms. Additionally, microfinance initiatives should be developed to provide startup capital for migrant and refugee entrepreneurs who lack access to traditional banking services.

3.7. Enhancing Labor Rights Protection for Migrant Entrepreneurs: The enforcement of labor rights for migrants should be strengthened through the **Labour Act**. **Sections 54-59**, which outline labor protections, should be explicitly extended to include informal migrant entrepreneurs. Government agencies should enhance oversight to prevent exploitation and provide legal recourse for migrant business owners facing unfair treatment.

3.8. Establishing Institutional Support for Migrant Entrepreneurship: A dedicated government agency or unit should be established within the **Ministry of Industry, Trade, and Investment** to support migrant entrepreneurs. This unit should focus on:

- Providing entrepreneurship training tailored to migrant business owners.
- Facilitating access to finance through microcredit programs.
- Coordinating with local governments to streamline business registration processes.

4. Conclusion

Addressing the systemic barriers faced by migrant and refugee entrepreneurs requires a holistic policy response. By reforming immigration laws, strengthening refugee economic rights, simplifying business registration, enhancing financial inclusion, and improving labor protections, Nigeria can create an enabling environment that maximizes the contributions of migrant entrepreneurs to economic growth and development. Implementing these recommendations will not only align Nigeria’s policies with international best practices but also foster a more inclusive and resilient economic landscape.

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