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REMITTANCES IN RURAL ZIMBABWE:
FROM CONSUMPTION TO INVESTMENT

BY

Ms Gracsious Ncube
(Research Fellow _ IDS –NUST - Zimbabwe)
&

Dr Georgina M. Gomez
(Senior Lecturer _ ISS – The Netherlands)
INTRODUCTION

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INTRODUCTION

- Migration: major global development issue.
- Many effects of emigration & remittances one of the main noted benefits.
- Remittances vs Cooperation aid
- Remittances have considerable development impacts based on HH focused methodologies
- Missing = analysis of longer term effects on local economies.
- Remittances in Zimbabwe = for consumption & less on investment (Maphosa 2007; Tevera and Zinyama 2002).
INTRO. CONT...

- Benefits focus on the short-term effects & recipient HHs = unit of analysis.

- Long-term effects not focused on (local economies)

- Methodological focus should be on local economies than households (De Haas 2006)

- Main argument = remittances contribute to local development in ward 2, Tsholotsho district in diverse ways.
RESEARCH QUESTIONS

- Do receiving households use remittances for consumption or investment;

- What kind of investments do remittances promote in the local economy of Tsholotsho district?

- How do these remittances impact on local development?
METHODOLOGY

- Study area = village 2 in Tsholotsho district
- Mixed qualitative methods
  - Ethnographic technique – ‘FOLLOW THE MONEY’ (Adaptation of C. Moser’s Livelihoods Vulnerability Framework)
  - Interviews – key informants & entrepreneurs
  - Household survey
<table>
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<tr>
<th>Vulnerability Context</th>
<th>Outcome of Crisis</th>
<th>Type of Solution</th>
<th>Outcome of Solution</th>
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| Agric. productivity (natural capital) | • Food shortages  
• Increased drought spells  
• Loss of income (unproductive sector) | | • Increased income  
• Increased consumption (availability of alternatives) |
| Educ. & Health (Human capital) | • Children drop out from school  
• High outbreak of illness | | • Increased school enrolment  
• Increase in health conditions (PHC) |
| Infrastructure (physical capital) | • Loss of decent housing i.e. unavailability of thatching grass due to low rainfall.  
• Dilapidated road networks resulting in transport shortages | | • Improvement of housing by building modern structures  
• Improved access to transport  
• Availability of alternative transport |
| Gender Inequalities (social capital) | • Increased workload for women (practical gender needs worsened) | | • Improvement in women’s practical gender needs |
CONCEPTS

- **Consumption**: complete utilisation of all the funds remitted on daily consumables

- **Investment**: money that was not consumed immediately but rather used on acquiring non-consumables that could be profitable in future

- **Local Development**: enterprise creation, employment creation, increased agricultural productivity & infrastructure improvement
REMITTANCES & LD – An Overview

- Diverse effects on development

- Infrastructure development & investment in the long run.

- Increased consumption in receiving HHs (Health, education & family welfare)

- Sub-Saharan Africa – remittances invested in real estate = provision of housing
CONT...

- Lack of other investment instruments

- No sound economic policies to promote stable economic growth

- Optimistic vs Pessimistic views

- Unrealistic to expect remittances to promote LD where complimentary infrastructure, services and ecological conditions are not favourable (Grabel 2009; Maimbo & Ratha 2005; Taylor et al 1996)
FINDINGS
¾ of HHs have migrated members

Seasonality of remittance flows – highest amounts in December.

Both cash & in-kind received through omayitsha

In-kind = food, clothes, building material, furniture

Cash range from ZAR 150 – 2000, average ZAR500

Remittances major source of income (purchase food, clothing, education, health, agriculture inputs, building brick under asbestos/zinc housing structures)

Boost HHs’ asset bases that sustain them in shock eventualities (scootercarts, bicycles, generators, solar panels, livestock) which increase their income generation

Community Dev projects (e.g. Dam construction & Clinic)
CONT...

- Non-receiving HHs benefit indirectly through the ripple effect.
- Develop innovative strategies to rip off some benefits of remittances.
- Therefore, receiving HHs form consumptive middle class that absorbs labour from non-receiving counterparts.
Remittances = LD reflected by employment creation, investment in small enterprises, increased agricultural production & infrastructure development.

Less than 10% of receiving households venture into investment in terms of enterprises.

Infrastructure improvements = improved housing structures, financing community clinics and dam construction.

Remittances wield a ripple effect on local economy.

Trigger entrepreneurial ventures from people based outside the locality.

Promote agricultural productivity and growth
- Employment creation = shop keepers
- High incidence of maids & herd boys
- Brick moulding = seasonal or temporary employment
- Seasonal and/or temporal employment for the non-receiving HHs especially in Agric.
CONCLUSIONS

- Remittances flow through informal channels

- Remittances = mainstay of economic activity in study area

- Contribute to LD through promoting productive consumption which attracts investment (ripple effect).

- Promote LD through investment in enterprise creation, agricultural productivity & infrastructure improvements & income generation.
RECOMMENDATIONS

- Actors in development to promote availability of other investment instruments
- Policy makers to coil economic policies that promote stable economic growth
- Local authorities to ensure availability of complimentary infrastructure and services favourable to promoting impact of remittances on LD
- Further research on the sustainability of the resultant enterprises.
THANK YOU