Remittances, poverty reduction and the informalisation of household wellbeing in Zimbabwe

Sarah Bracking and Lloyd Sachikonye

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Sarah Bracking, University of Manchester, sarah.bracking@manchester.ac.uk

Lloyd Sachikonye, University of Zimbabwe

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Abstract

Evidence from household surveying in 2005 and 2006 in Harare and Bulawayo indicates that a wide network of international migrant remitters are ameliorating the economic crisis in Zimbabwe by sending monetary and in-kind transfers to over 50 per cent of urban households. The research combines quantitative measurement of scale and scope, with demographic and qualitative narrative to build a holistic picture of receiving and non-receiving households. A complex set of interrelated variables helps to explain why some households do and others do not receive income and goods from people who are away, and the economic and social extent of their subsequent benefit from them. Moreover, the mixed methods approach is designed to capture inter-household and likely macroeconomic effects of how households receive their goods and money; and of how they subsequently exchange (if applicable), store and spend it. Evidence emerges of a largely informal, international social welfare system, but one which is not without adverse inter-household effects for some. These include suffering exclusion from markets suffering from inflationary pressures, not least as a result of other people's remittances. This paper explores the role of remittances, within this internationalised informal welfare system which we can map from our household survey, in reframing vulnerability and marginalization differentially among and between our subject households.

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Sarah Bracking, University of Manchester, sarah.bracking@manchester.ac.uk

Lloyd Sachikonye, University of Zimbabwe

Introduction

''You who is leaving the country today, where do you really stand? You are fleeing your country for England. Who knows you there? To become a servant in another country! Now you are being herded like cattle back to this country...''[1]
(Robert Mugabe, August 2006).

"we now leave in separation with our beloved because of poverty" (Respondent, 2005)

The relationship between migration and development is central to poverty reduction policy, and is also gradually influencing other policy areas in the North, such as immigration policy (Hayter, 2004; Newland, 2003), and banking regulation (Paterno and Bugamelli (2005). Policies on the safety and transfer of funds are increasingly being proposed to enhance the developmental impact of workers' remittances (DfID, 2005; Orozco, 2006, 3), but policy designed to enhance the poverty reduction potential of migrant remittances in migrant origin countries remains weak and little integrated in development policy. Moreover, migrant receiving countries still tend to disassociate migration from wider development policy, despite decisive theoretical work on their interrelationships (De Haas, 2005: 1269-70). Instead, migrant receiving areas often use the logics of closure and selectivity, rather than liberalisation, in making immigration policy (Nyberg-Sorensen et al (2002), while more recently restricting migration with reference to 'security issues' (Doomernik, 2004). This research is of assistance to understanding and influencing this multi-sited relationship, in that the poverty reduction effects of remittances are examined within a systemic political economy of displacement and social welfare [endnote 1].

This paper critically reviews current remittance knowledge; outlines the results of a household survey conducted in Zimbabwe, and ongoing research from a second annual sample; and then explores how regulation and macroeconomic policy might enhance the poverty reduction effect of remittances. The particular strength of using case study research from Zimbabwe is that it informs the current international debate on the effect of migrant remittances on poverty reduction in a key neglected aspect: that of policy and practice in an ill-governed state, where much preceding research has concentrated only on benevolent and internationally integrated polities. This paper will comment on how far these particular circumstances mitigate the assumed developmental impact of remittances; analyse in what ways this research, in a weak state, compromises results on impact predicted by large data set research in which such states are rarely included (a comparison between the empirical and the constructed expectation); and make suggestions as to how poverty reduction policy in remittance dependent areas, which are generally also highly informalised, might be improved.

Current remittance and poverty knowledge

[1] Mugabe was speaking during the Heroes Day celebrations. He was referring to Zimbabweans deported back to Zimbabwe for lack of the necessary papers. Otherwise the number of Zimbabweans who migrate for economic ''greener pastures'' is not diminishing.

It has become a commonplace in the research area of migration and development, and its subfield of poverty reduction and remittance studies, that international migration can have a positive impact on poverty reduction through the generation of migrant remittances (Skeldon, 1997, 2002; Kothari, 2002; Wets, 2004; De Haas, 2005; Adams and Page, 2005), and, for the vast majority of researchers, that remittances are positively associated with economic growth (Adams and Page, 2005). The developmental potential of these monetary resources is viewed as large because of the evidence of increasing absolute amounts of remittances. In the early 1990s, global migrant remittances stood at about US$75 billion per annum (Van Hear, 1998; cited in Sumata, 2002, 621), which rose to above US$232 billion in 2005, sent back home globally by around 200 million migrants, representing three times official development aid (US$78.6 billion dollars) with US$ 166.9 of this going to developing countries (Orozco, 2006, 4; citing World Bank, 2006: 88). Using incomplete data from the IMF *Balance of Payments Statistics,* Gammeltoft estimates that sub-Saharan Africa received about 8 per cent of remittances in 1980, but only some 4 per cent in 1999 (2002, 182). Research in Uganda, which is probably indicative, showed that private capital flows, which includes migrant remittances, commonly known as *kyeyo*, rose from $443.7 million to $661.9 million per year between 1999 and 2002 (*The New Vision*, 2003). Additionally, research has shown that remittances can be much more than formally transmitted pecuniary assets, and consist also of goods, and informal transfers of goods and money which go unrecorded (Rodriguez, 1996; Puri and Ritzema, 1999; Clark and Drinkwater, 2001; Ballard 2002, Orozco, 2002; Bracking and Sachikonye, 2006).

The association between remittances and economic growth is central to the positive view of the poverty reduction potential of remittances, partly due to assumed correspondence between economic growth and poverty reduction. However, here research is ambiguous, both in terms of the general relationships between growth, inequality and poverty reduction (reviewed in Bracking, 2003b), and in the more specific relationship between remittances and growth. Ruiz-Arranz summarises that while there is evidence that remittances can augment growth in countries with well developed banking systems, there is no evidence that remittances are growth-enhancing in countries with less developed financial systems (2006, 1). Chami, Fullenkamp, and Jahjah (2003) go so far as to conclude that remittances have a negative impact on growth, which they speculate may be because labour market participation decreases as a result of remittance receipt.

However, the influential research of Adams and Page strongly associates remittances with poverty reduction, using a 71 country multi-variate data set, arguing that a 10 per cent increase in international remittances from each individual migrant will lead to a 3.5 percent decline in the proportion of people living in poverty, such that remittances are said to significantly reduce the level, depth and severity of poverty in developing countries (2005, 1645). Countries are, however, included for their ‘reasonable’ standard of data, which means that only 20 sub-Saharan African countries, (although they themselves count 18), are included at all, but of these, 12 had no data available for remittances and were thus incomplete observations, 7 had incomplete data, such that only two countries, Nigeria (1 observation/year’s data), and Ghana (4 observations) were fully reported in the dataset (see Adams and Page, 2005).

Thus for sub-Saharan Africa, the evidence of developmental impact remains largely illustrative, partly because of data unavailability, and partly because the results of econometric analysis, such as Adams and Page (2005), is correspondingly questionable, as it becomes heavily weighted in aggregation to the experience of other regions. De Hann (2000, 17), using descriptive statistics, asserts the importance of international remittances in sub-Saharan Africa, when he notes that during the 1980s, they “financed 80 per cent of the current account deficit in Botswana, over 50 per cent of foreign exchange earnings in Lesotho, and 70 per cent of total commodity export earnings in Sudan”. In Bracking and Sachikonye (2006, 5), a full 50 per cent of urban households in

Harare and Bulawayo in Zimbabwe were dependent on migrant remittances for everyday consumables.

However, negative impacts of remittances on development have also been increasingly recognised, particularly in political economy interpretation. For example, Nyberg-Sorensen *et al* have noted the association between remitted income and inflation, especially in land and real estate prices (2002; see also Hermele, 1997), while noting in relation to inequality that remittances "tend to go to the better-off communities in the better-off countries of the developing world" (2002: 53). Where economic and political governance is nefarious or predatory the effect of remittances can be deleterious for non-receiving households, experienced in the form of increasing inter-household inequality and inflation in inelastic supply markets, even when the economy wide growth effect is taken into account (Bracking, 2003). In Bracking and Sachikonye (2006, 40) it is deduced from a 300 household sample that immediate income benefits to some households are followed by price adjustments in local markets, effectively pricing out poorer households from scarce goods, but that poorer households have created a palliative coping strategy in the form of an informal remitted goods (as opposed to money) economy. However, inter-household effects of remittances remain unclear, and little researched elsewhere.

The poverty reducing effects of these formal and informal remittances has also been explored through the observation of distinct economic effects. For example, remittance flows are understood by most contemporary researchers to be counter cyclical, mitigating the impact of adverse shocks (Freund and Spatafora, 2005; citing Bouhga-Hagbe, 2004 for Morocco; Chamon, 2005 for Samoa and Gupta, 2005 for India). However, Burgess and Vikram (2005) found no stabilisation effect of remittances in the Philippines (2005). Also, flows of informal remittances constitute the single largest source of foreign exchange and clearly outweigh formal transfers of foreign direct investment (FDI) for many of the poorest countries (Spatafora, 2005: 1).

In sum, much current research on the poverty reducing effects of migrant remittances is not carried out in weak states or isolated economies, but in relatively well-governed migrant export economies. Remittance research also tends to dwell on the impressive headline figures for remittance flows – running at more than twice official development assistance. These aspects combine, outside of the context of working economies, to create interpretative error, a point recently echoed by Cohen (2005), while attribution and aggregation problems in large data sets, such as in Adams and Page (2005) hide the specific circumstances of structurally isolated economies where many of the poorest people live (Gore, 2003), many of which are in Sub-Saharan Africa (Grant *et al*, 2004). In these, we can expect that productive absorption of this type of incoming investment into the formal economy will be much lower (Newland, 2003), although this too remains under-researched (see De Haas, 2005: 1274; Khadria, 2002: 25). Mhone (2001) wrote convincingly of the structural duality and enclave nature of political economies in southern Africa, which again suggests that the productive absorption of remittance incomes here would be questionable and highly contextual. Bracking (2006) has also reviewed contesting narratives of the political economies of southern Africa, in order to explore whether political economy typologies and structures can help explain or predict remittance effects.

What emerges is a dearth of research on the large areas of informality within weak economies, internationally integrated by informal and privatised welfare networks. The social and cultural embedding of economic and financial relationships, loosely termed 'informal and 'formal', within these types of economies - in so far as they can be conceptually fixed - mediates between beneficial and adverse effects of remittances on poverty reduction.

Problematising remittance knowledge

The methodological problem in remittance research, which puts in jeopardy the utility of development policy in this area, is thus two-fold: 1) that statistics are unsafe in the poorest countries of sub-Saharan Africa; and 2) there is insufficient micro-level empirical or interpretative research to critically assess the validity of quantitative research findings. The issue of the inadequacy of current economic data in weak states compounds the problems of attribution and causation associated with quantitative methodology and cross-country data sets to problematise seminal remittance studies. In policy terms, this implies that the levers of economic governance available to governments in the pursuit of poverty reduction are compromised by methodologies and statistical sampling which has not been adequately validated, particularly since problems of data collection are themselves compounded by economic informalisation, and the role of migration in augmenting 'invisible' cross border financial transfers.

This research does not attempt to address the first of these problems since it is based in a single country case-study. However, it is concerned to moderate the euphoria over the potential developmental role of migrant remittances, emanating from 'big numbers', by applying a field survey instrument of sufficient magnitude, within a weak state context, to 1) apply econometric analysis of micro-level variables of magnitude, mode of transfer and use in order to model poverty reduction impact and informalisation effects; and 2) at least estimate the potential error in larger cross-country data sets that can be extrapolated from our results.

Thus, in this study we explore poverty principally through its income dimensions, while recognising that multidimensional approaches are superior in terms of understanding the causes and nature of poverty (Hulme and Shepherd, 2003; Green and Hulme, 2005; Clark, 2005). Our choice of poverty measurement has a path dependence determined by other remittance research which tends to use economic growth as a proxy for poverty reduction and developmental impact (see for example, Adams and Page, 2005). To maintain correspondence with this body of work, the predominant use of an income-based measure is thought necessary, although not to the exclusion of an integrated approach overall. We will conclude by analysing how far poverty reduction, principally in income terms, is directly enhanced by migrant remittance receipt, and then examine possible offsetting tendencies evidence in the system of informalised financial flows. While country case studies have their limitations, we expect this particular research to have resonance in other countries experiencing economic and political crisis of a prolonged nature, such as many sub-Saharan countries in which the poorest people live. In this sense, the quantitative data from our research will also triangulate the interpretative findings of work from social anthropologists and sociologists on coping and getting by in deleterious governance circumstances (see for example Little, 2003; Trefon, 2005).

Economic informalisation and the role of remittances in poverty reduction

The characterisation of a weak state here is that it is characterised by a high degree of economic informality, which has been sporadically noted but rarely analysed in remittance studies. In addition to formal remittances through official banking channels, measured using balance of payments data, there are also large unofficial flows of remittances which often liquidate informal economic exchange. El-Qorchi *et al* (2003) estimated unofficial transfers of remittances to the developing worlds at $10 billion per year, but other estimates have ranged from between 35 percent to 250 percent of total remittances (Freud and Spatafora, 2005: 1). With the application of what they term the 'first empirical methodology to estimate informal flows', Freud and Spatafora use historical data on the balance of payments (BOP), figures on migration, transaction costs and country characteristics for over 100 countries, 'supplemented with household survey data', to conclude that informal remittances amount to about 35-75 percent of official remittances to developing countries (2005, 1). However, many of the methodological problems isolated by Reinke and Patterson (2005), over the measurement of remittances remain.

The consensus view is that informal remittances to sub-Saharan Africa, encouraged by dual exchange rates, are relatively high (Freud and Spatafora, 2005: 4; Aggarwal and Spatafora, 2005). Some micro-level field studies have also indicated that informal or in-kind transfers are substantial (Lozano Ascencio, 1993; Massey and Parrado, 1994; see also Elbadawi and Rocha, 1992; Puri and Ritzema, 1999; reviewed in Gammeltoft, 2002), including in the DRC (Sumata, 2002: 622), Somalia (Ahmed, 2006) and Zimbabwe (Bracking and Sachikonye, 2006). DfID (2002) assert that informal remittances currently represent twice or three times the amount of formally transferred funds, while research in Nepal showed informal flows accounted for 80 per cent of the total transferred. Ahmed (2006) estimates that US$1 billion currently supplies a lifeline to Somali residents, and argues against any tightening of regulation of informal remittance transfer (IRT) channels. Indeed, given widening disparities between official and unofficial exchange rates in some sub-Saharan African countries, the maturing of international migrant populations, and the increase in electronic forms of communication it can be surmised that more informal flows are occurring in absolute terms than previously.

However, just as the problematic use of informal and formal has been discussed in specialist literature on the (in)formal sector (recently reviewed by Gerxhani, 2004), let alone that the informal sector is also ambiguous in its actual economic effects (Ranis and Stewart, 1999), the concept 'informal' also exhibits non-fixity when applied to money transfer networks. The *hawala* system in Somalia, for example, is viewed as dangerously 'informal' by the United States government, but is more accurately described as a network of private commercial companies self- regulating in a liberalised economy (Ahmed, 2006: 3). In contrast, the data from Zimbabwe suggests that within the 'informal' category, there was a greater reliance on known persons and relatives, rather than commercial companies, in goods and money transit, suggesting that 'informalisation' can take distinct forms (Bracking and Sachikonye, 2006: 24-27).

Remittance governance and poverty reduction

While economic and financial liberalisation of the planned and benign variety has been the subject of much recent research, including by Uchida (2003, 2005), liberalisation due to bad governance or as an intended outcome of patrimonial economic policy, which leads to informalisation, has received much less attention. Thus, international migrant remittances received in predatory governance environments, such as Zimbabwe, can be simultaneously viewed as a liberalisation and informalisation of financial services. The developmental and poverty reducing potential of this type of 'liberalisation' is under-studied, but with the further empirical data supplied from our more recent 2006 survey it will be possible to start to suggest how incoming finance is used, whether economic activity is increased, and how much of this is in the informal sector, within a temporal frame between the 2005 and 2006 surveys. From these coordinates it will be possible to return to the ongoing debate on the employment and economic growth effects of the informal sector (Harriss, 1990; Bigsten, Kimuyu and Lundvall, 2004; Gerxhani, 2004); and to reinterpret and extend that debate with a focus on poverty reduction.

The methodology of our research

We have sampled 300 households using a survey instrument and associated methodology, within the ESRC-funded *Global Poverty Research Group* (Bracking and Sachikonye, 2006), in both November 2005 and 2006, (making a total set of 600 households) with some refining of the survey instrument to ensure linguistic and cultural literacy between the two rounds, but no significant change of questioning. We sampled in Mabelreign and Highfield in Harare, and Nkulumane, Mahatshula, Selbourne Park and Parklands in Bulawayo respectively. The results of 2005 have shown that poverty reduction effects are far more localised, contextual, and problematic than much of the macroeconomic analysis suggests, which justified the 2006 sampling. The survey consists of 52 quantitative and qualitative questions, which generate descriptive statistics on receipt, impact and use of remittances by household, life events narratives on migrant journeys, measurements of informality and livelihood profiles, and corresponds to an SPSS database. There is no similar dataset in southern Africa, and even in Africa as a whole, the only panel data at a household level on remittances is held in the Uganda Household Survey (2003), but not extracted.

Research questions addressed using the survey instrument

- How important are migrant remittances in alleviating poverty in Zimbabwe?
- How important are non-pecuniary transfers to poverty reduction?
- How much remittance income is used on consumption relative to investment?
- Where are the senders, when did they go, and what do they send?
- How far does migrant financial transfer contribute to economic informalisation?

The survey collects data on remittances against the following criteria: Type (pecuniary, physical, social); Average value; Volumes; Frequency; Method of flow; Reasons for using method of flow; Formal/informal split; Status of sender and beneficiary; End user prices; First and subsequent use; Trends over time (derived from IMF (2004)). The survey investigates how households use remittance income, itself rarely researched, from which we can model the relationship between remittances, productive investments and the informal sector, which is a unique contribution to the literature. It asks what people do with the money and how they store it, and quantifies informal market relationships financed by remittance income. It also estimates, for the first time in micro-level remittance research, the value of 'in-kind' transfers which substitute for pecuniary transactions, and have a critical poverty reducing effect on households. We used the 2005 data to model an internationalised, informal, distal welfare system, whose relationships and poverty impact we explored further in 2006.

We are now exploring related research questions:

- What implications does household data in a single country case study have for interpreting the accuracy of quantitative cross-country studies?
- What inter-household income poverty affects are observable between both receivers and non-receivers of remittances?
- How does the informalisation, or otherwise, of remittance transfer and use inform poverty reduction effects that can be expected from remittances in different policy environments?
- What governance polices could feasibly be introduced in sub-Saharan Africa in order to maximise the developmental impact of remittances?
- How can regulation improve remittance incomes?

Economic statistics used by governments in their formulation of economic policy are problematised when actual informalised activities are extrapolated from accurate household data. The identification of these errors is, of course, well beyond the scope of this research. What is being suggested here is only that regulation policies is compromised by poor estimation of internationalised private flows of finance (remittances) in the informal sector. The sheer scope of the hidden economy emerging from our Zimbabwe data does inform, however, the question of moral hazard in the distribution of development finance: does aid really go to the poor, or to those who appear poor in terms of inaccurately measured (formal) economies? How far can informalised, distal social welfare networks support poverty reduction in the absence of state policies of social protection? Similarly, and as noted in Bracking (2004a), creating operational research tools to accurately assess the magnitude of migrant remittances and informal money in circulation in crisis regions is required by emergency nutrition organisations to better plan food relief. Thus the research has value within wider debates about African development, poverty reduction, and economic growth.

Context of Discourse on Remittances in Zimbabwe

In Zimbabwe, the discourse relating to remittances has undergone some shifts. In 2003 to 2004, there was tremendous enthusiasm about the prospects of remittance flows from Zimbabweans in the Diaspora. The incoming Central Bank governor, Gideon Gono, appointed in 2003 was one of the most enthusiastic proponents of encouraging such flows citing the successful remittance flows into countries such as Ghana, Philippines and India amongst others. Gono organized some widely publicized road-shows to drum up flows in South Africa, United Kingdom and United States amongst other countries where the Zimbabwean Diaspora has a significant presence. This led to the launch of the *Homelink Scheme* as a vehicle through which the flows would be sent into the country under the auspices of the Central Bank. For some time, there was a huge publicity campaign to woo the remittances, and initially it appeared to work as long as the exchange rate to the local currency appeared realistic.

However, three years later, the momentum for the official campaign for remittances has almost disappeared. One searches in vain for any references to remittances from the Diaspora in Gono's *Monetary Policy* statements put out this year. Indeed, it was left to President Mugabe to blast those Zimbabweans who migrate for economic reasons and send back remittances to their family members and relatives.

What has happened between 2004 and 2006 to dampen the earlier official euphoria for remittances? A likely explanation is that although remittances may not have diminished, they no longer flow through formal channels such as the Central Bank and commercial banks. Our study on *Remittances and Poverty Reduction and the Informalisation of Household Wellbeing in Zimbabwe* shows that remittances continue to be central to be central to survival strategies and reproduction of households. In a situation of hyperinflation of above 1 000 per cent in much of 2006, and of parallel exchange rates that are 4 to 6 times the official rates, and a very stressed economy, remittances have become even more crucial.

It is estimated that there are about 3 million Zimbabweans - a quarter of the total population - in the Diaspora. This is more than the combined population of Botswana and Swaziland. There are few, if any, similar contemporary example of a country whose quarter of its population has left largely in order to fend for its living. In short, migrancy and exit have become key coping strategies in Zimbabwe over the last 6 years, despite some profound difficulties for some migrants in making the journey (see Mate, 2005 on the Beitridge 'border jump') and in establishing adequate livelihoods in destination countries (Ncube *et al*, 2004; Muzondidya (2006) on South Africa; Mbiba (2005) and MacGregor (2007) on the UK). In our sample, below, 24.7 per cent of migrant remitters were in the UK and 22.7 per cent in South Africa, although the low density Harare suburbs enjoyed receipts from 62 per cent of the primary senders identified as being resident in the UK.

However, the impact of the heroic acts of solidarity performed by family members in the Diaspora is being compromised to some extent because of a number of factors. First, the sum of individual actions is causing effects that none of the participants intended, which end up contradicting the benevolent effects they did intend. For example, while every sender of money wants to help their particular relative, when lots of people send money it can mean that the price of goods just goes up, such that after price adjustment, it may be that all the receiving families just pay more for their goods; demands from the relative abroad increase; and no-ones wellbeing is actually improved. Also, households without a relative working away can be disadvantaged relative to those that have, in that they can no longer afford houses or land. Both of these adverse effects are evidenced in our households' survey data, such that social protection measures designed by donors need to be cognisant of those households being adversely affected by the remittance economy, who more than ever, will see their exchange and market entitlements reduce or collapse [endnote 2].

That senders choose to send money informally can also contribute to the deterioration of the economy, or to the criminalisation of the subsequent businesses their relatives set up. For example, during the *Murambatsvina* campaign of 2005, members of the security forces asked for foreign currency receipts for households appliances and electrical goods, and removed those items from households who could not produce them on the grounds that the goods must have been imported or traded illegally.

Research summary for Zimbabwe

"we in the high density areas are leading a "001" type of life…"0" breakfast, "0" lunch and "1" dinner" (Respondent, 2005)

"It is very painful to spend more than three years without seeing your own children because of political and economic vices" (Respondent, 2005)

Remittances are critical to alleviating household poverty in urban Zimbabwe, where the sample found a generalised crisis of reporduction. Not only do a full 50 per cent of our households receive remittances, but it is clear that a substantial majority of these are dependent on them for essential household goods, including food. Indeed, the income data suggest that 20 per cent of sampled households (n =221) were destitute, while a full 90 per cent were below the poverty line (pegged at Zim $10 million per month in November 2005). Moreover, 70 per cent of descriptions of first use for remittances included food, although paying household bills, such as to utility companies emerged as the most commonly featured first use (at 76 per cent) in a sample consisting of many multiple answers. Interestingly, but counter intuitively, 'middle class' incomes of the richer suburbs of Harare had collapsed, and were lower than in the high density suburbs, with 85 per cent of respondents in Mabelreign reporting incomes below Zim$7 million. Fortunately, these low density Harare suburbs were also the most likely to be receiving remittances (78 per cent of households).

The distribution of received money and goods is not weighted to the poorest, and 40 per cent of the poorest households do not receive anything, a headline statistic which strongly suggests caution in terms of the current euphoria about the poverty reducing role of remittances. Also, pre-existing inter household inequalities may be aggravated by these remittances since 38 per cent of the richest households do receive something, which augments their purchasing power in local markets - effectively pricing others out. Richer households also use remittances for productive accumulation and/or the acquisition of consumption assets, while the poorer households tend to consume them wholly on durable goods and food. Overall, the indicator on frequency of receipt indicated that a regularised pattern of monthly receipt exists, with over 75 per cent of the sample receiving their remittance during the preceding month. A particularly strong pattern of wage related remittances was evident for the migrants of Harare's high density suburbs, where over 82 per cent of remittances had been received during the preceding month. Also reliant on sole migrants, for basic goods, these households have developed an internationalised pattern of migrant reliant household reproduction. Of remitters in South Africa, 50 per cent are sending goods to the high density areas of Harare.

The informal economy is an important conduit for households in terms of their sending and receipt of remittances. This seems to be in part because of opportunity costs in the formal sector, and principally in this respect to the dividend attached to the informal exchange rate, but it is also predominantly informal activity restricted to personal transaction, as opposed to informalised yet institutionalised companies. Only 36.3 per cent of those receiving money made use of an institution, but only 19.7 per cent of transfers were clearly in the formal sector, with commercial banks at only 19 per cent; money transfer companies (formal) at less that one per cent; agent into a bank account (formal or informal) at 9.8 per cent; and collected from or delivered by an agent (likely to be informal) at about 7 per cent together. In sum, over 58 per cent of households used only family members or family couriers to send and receive money, and about two thirds of money transfer is informalised. In terms of goods, 82 per cent of households reporting that they were using known persons to informally transit goods; with the migrant bringing them in person at 14 per cent; and an informal courier, known to the household at 12.7 per cent of the sample. Only 17.3 per cent of the survey respondents were prepared to entrust a commercial or private avenue with their goods.

In other words, relatives are still more dominant as agents of money transfer than are the new IRT networks and companies. This suggests that a benign government policy could easily recapture money transfer into formal sector companies for reasons of convenience, while in the absence of such a policy informal companies have the chance to build trust and potentially take business from relatives. As it stands, the formal and government sector has little purchase on this economy, with over 72 per cent of those receiving forex (although n=29, a low response) using an informal sector money changer despite the illegality and likely danger of such a transaction.

The role of in-kind and goods transfers emerges as more important than comparative research elsewhere suggests. Often considered the subsidiary form of transfer, a minor augmentation of the full money transfer, in fact in these cities in value terms it probably outweighs by some factor of 2 to 3, which we are in the process of calculating, the real value of money transferred. Of the 149 households in receipt of something, 109 said they had received goods, leaving 38 with money alone (two cases failed to answer). This 109 represents 74.1 per cent of all receiving households, suggesting that to perceive remittance economies as principally money transfer economies would be misleading. However, money is still more regularised than goods, and a third of the poorest households singularly receive money. Across the whole sample, 74 per cent of money was received as a monthly payment, supporting the evidence of a pattern of monthly workers' receipts. Moreover, 65 per cent of the money receivers started getting payments between 1 and five years ago, which corresponds with when the bulk of migrants left, at 60 percent of the total group since 2000. Thus it is this group of relatively recent departures which is generating the bulk of incoming receipts of money, which confirms the hypothesis that the economy of the displaced is an informal, privatised system of social welfare catalysed by crisis.

That so much of remittance value is transferred as goods, however, adds weight to the suggestion that inter-household effects of remittances may not be benign in shrinking economies. This is because immediate income benefits are followed by price adjustments in local markets, effectively pricing out poorer households from scarce goods. In this survey we have evidence of this in that many of the poorer households were in receipt of even basic durable goods from migrants living as far away as South Africa, suggesting the collapse of their purchasing power in local markets. It is deducible, although not proven here, that the half of our households who were receiving money, and then going out and buying food and other essential items, were detrimentally pricing out other survey households, who then, as a coping strategy, had developed a counter economy based in the primary receipt of those goods themselves. More research is required here.

The demographics of this economy of displacement suggest intra-household solidarity and shared child caring, although there is evidence elsewhere (see McGregor, 2007) that some marriages are failing due to related stresses. Of our receiving households, 40.2 per cent of households included sons and daughters, while nearly 53 per cent had a sole parent as 'head of household'. In our survey, the most common sender is a son or daughter of the receiver; the second most populous category was of a brother and/or sister, while spouses ranked third at just over 12 per cent. Many children of these senders remained, with, respectively, a Grandparent (nearly 12 per cent of households had a Grandparent in them) or aunt/uncle as carer. In short, out migration is disproportionately accomplished by those of the younger working generation, which adds to the relative dearth of this population age group in Zimbabwe, which is also deteriorated due to high HIV/AIDS prevalence. Significantly, although households were fluid and mixed, only 4 in the whole sample reported receiving any other assistance from foreign charities, NGOs or aid organisations. Just over 17 per cent were receiving assistance from elsewhere, over half of which reported churches as the donor, although the value of this assistance was less than a paltry Zim$1 million per month (at 2005 prices) in over 70 per cent of cases.

Remittances are thus the singular most important form of social assistance. Although DfID Zimbabwe have, in 2006, increased their social assistance by means of an umbrella of about 40 different NGOs, Zimbabwe still receives "some £8 per capita in official development assistance last year [2005], compared with about four times this level in some neighbouring countries" (Benn, 2006). DFID has spent "nearly £38 million in Zimbabwe in 2005/2006, priorities include tackling HIV/AIDS, food insecurity, and in support to orphans and vulnerable children" (DfID, 2007)

Policy implications

"It is very disappointing to see my educated children being turned into economic refugees in other countries. We fought and suffered for the independence of this country but we no longer enjoy the fruits of our suffering"

Government of Zimbabwe (GOZ) policy on international migrants has recently focussed on their potential developmental effects, and sought to capture these through the establishment of the Home Link scheme, whereas this research suggests that the context of trust in economic and political governance is too low for effective returns into the formal sector. A low rate of monetary storage in the formal sector is also due to the opportunity costs of receiving lower exchange rates than are available on the parallel market. This however, does not imply that remittances are not a significant contribution to economic and social reproduction in Zimbabwe: they are, but not through formal conduits. The GOZ may have been overoptimistic about the expected volume and value of receipts it can access given current economic governance and monetary policy.

It is clear from this research that a complex web of money and goods transactions within the informal sector supports the Zimbabwean economy in unrecorded myriad ways. The Zimbabwean economic collapse, which has been headlined for some time now, is being offset by this informal, internationalised parallel economy. In practical terms, it is difficult to see how some of these households could even survive without these informal remittance transfers. Thus the economic crisis is being mitigated by this sector to some degree, and ironically, by Zimbabweans who have themselves exercised the 'exit' option. However, the issue of sustainability of this support role in the longer term remains a critical and open question, not least because of the tightening of conditions in the principal migrant receiving areas of South Africa and the UK, toward their Zimbabwean residents.

The clear evidence of a crisis of household reproduction and acute poverty for the majority of the sample, and in particular with consideration of the households excluded from the remittance economy, underlines the urgent need for an urban food assistance programme. Humanitarian assistance is required in the short term, followed by an appropriate micro-credit or small grant scheme to give material form to the entrepreneurial talents to be found in the sample group. Given even a hypothetical opportunity, which was given to respondents of our survey in terms of a question of what they would do if given four banded categories of increasing amounts of money, a clamour of voices was heard wanting small pieces of equipment, grinders, seed, fertiliser, sewing machines, car parts, bicycles, which would set the productive power of these suburbs back to self sufficiency and work. To make remittance income work harder, donor assisted smart intervention could assist remittance transfer by supporting cashless payment systems, internet payment and retail payment cards, particularly for utility bills. The GOZ could regularise the foreign exchange market at a more realistic rate.

Conclusion

"Life has become so difficult even to those outside and as such we also find it burdensome to continue relying upon them"

"I am a bitter person today. I fostered three nephews who are in the UK, but they are not helping me in any way…I can hardly afford a single meal per day"

The results above have great potential resonance across a subset of countries who are currently experiencing international isolation and economic crisis, where the majority of the poorest people live (Grant *et al*, 2004), and where little other research has been conducted. Results from Zimbabwe are not *sui generis*, as it is fashionable to suggest in some development research literature, and can inform poverty reduction policy in the area of remittances and migration elsewhere. In short, the lack of benevolent governance institutions and predatory state structures can foster, as is demonstrated here, and which was also the case for Somalia and Congo in previous periods, a particular kind of internationalised economy of displacement, which, over time, forms embedded regulatory institutions, and a network of agents, companies, 'business consultants' and standards of regulation much like formal economic systems and global production networks (see Henderson *et al* 2002; Coe *et al*, 2004), through an intentioned process of migrants' economic activity.

Endnotes

1) The term 'political economies of displacement' is used here in the sense adopted in Amanda Hammar and Dr. Graeme Rodgers' Africa-Europe Group for Interdisciplinary Studies conference panel text, titled 'The political economy of displacement in Southern Africa', to be held in the Netherlands from 11-14 July 2007. This can be accessed from http://ecas2007.aegis-eu.org/Panels.aspx
2) An expert seminar to discuss these issues, "Remittances, poverty reduction and the informalisation of household wellbeing in Zimbabwe" was held at DfID Zimbabwe in Harare, lead by the authors, on 25th August 2006.

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