



Exploring the Level of Diaspora Remittances Flows in Zimbabwe

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ABSTRACT

International migration has increasingly been debated in various policy fora. Zimbabwe for the past decades, have seen many of its people moving out to other countries around the globe. In return, the migrants do send monies and goods back home for various reasons including altruistic purposes. There exist pessimistic views and optimistic views about migration and diaspora remittances. The study seeks to observe the trend of annual diaspora remittances flows into Zimbabwe from 2009 to June 2020, and trend of monthly diaspora remittances for January 2018 to July 2020. The study observed that there exist variability within the period, significant drops and rises worth to be examined. Diaspora remittances flows are not stable, making it difficult for planning around them. There is no match between volumes of migration and levels of diaspora remittances flows into the country. To activate a win-win situation for the nation and the migrant, the study recommends increased diaspora engagement, improving the investment climate for diaspora and other investors in general, working on the socio-political environment, and loosening remittances channels.

Key words: Altruism, Diaspora, Migrants, Migration, Remittances, Zimbabwe

JEL Codes: D64, D85, E21, F22, F24, F66, J61, O15, O24

I. Introduction

258 million people in 2017 lived outside their country of origin, and 3% of people worldwide are migrants - the figure has held for 50 years (Lopez, Williams and Berne, 2019). The act of migration is old. The world through time has been shaped from the ebb and flow of people across borders. The size and composition of international migration flows especially for the past two decades calls for policy debates. A new look on the pattern of migration and associated reasons including costs and benefits is required. A lot of countries have already started, coming up with diaspora policies to engage migrants to their host nations. The role of diaspora in the homeland development has become a core tenet of national strategies and policies. The number of governmental institutions responsible for diaspora-related issues have increased dramatically in the last three decades (Gazsó, 2017). There exist labour migration, family migration and humanitarian migration. People migrate to other nations through formal channels as well as informal channels depending on the reasons for migration.

There is permanent migration and temporary migration (Bonga, 2020). Permanent migration is when someone moves from one place to another and has no plans to return to their original home (Internet Geography, 2015). While temporary migration is limited by time, it may graduate and become

permanent migration. A migrant may get into a host-country for the sake of saving money for investment in the home-country after remigration, but due to incomplete information concerning the future economic development in the host-country and in the home-country as well it may turn out that the migrant has to prolong the duration of the stay unexpectedly (Berninghaus and Seifert-Vogt, 1991). When people have migrated to other nations, some remain attached to their home country. Poland, Kazakhstan, Greece, and Russia governments have motivated co-nationals living in diaspora to return to the homeland by granting them ethnic preferential citizenship (Gazsó, 2017). The home country has families, friends, community, investments and other interests for the migrant. Migrants outside their home country often send regular remittances home. The flow of remittances has traditionally been an important contributor to African economies and this is also true for Zimbabwe (Chitiyo and Kibble, 2014). Remittances, just like migration come formally and informally. There is no documentation of informal remittances that do not pass through formal channels, and estimates of such remittances will misguide policy, same as not accounting for them (Bonga, 2020). Zhou, Pindiriri and Tambama (2013) indicated that the lack of proper travel documentation by many Zimbabwean emigrants meant that a significant flow of remittances came in through informal channels. According to World Bank (2006), international migration generated enormous improvements in people's lives. Bouhga-Hagbe (2004) developed a model in which an altruistic worker, with some degree of "attachment" to her home country, maximizes private welfare by allocating her revenue between consumption in the country of residence, family consumption in the home country, acquisition of financial assets in the country of residence, and acquisition of financial and nonfinancial assets, such as real estate, in the home country. The study showed the behavior of a migrant who remits to his home country.

Zimbabwe, like many other developing nations have a significant population that have left the country. The volume of migration rose during the past two decades. Zimbabwe has experienced unprecedented migration of able-bodied personnel into the neighboring countries of South Africa, Botswana, Namibia, Zambia and Mozambique, among other SADC countries due to the deteriorating socio-economic environment (Damiyano and Dosaramy, 2019). To date, Zimbabweans are found everywhere in the world in search of greener pastures among other reasons. Zimbabwe is one economy that has undergone economic crisis for a long period (Bonga, 2019). As indicated by World Bank (2006), migration is driven largely by income gaps and the rising number of young adults seeking better opportunities abroad. After a decade of crisis that ended by the formation of Government of national Unity (GNU) in 2009, the economy entered a recovery path, however before the recovery reached significant levels, another crisis emerged (Bonga, 2019). The migrants had maintained contact with their family members, and have been sending remittances through both formal and informal channels. Diaspora remittances have increasingly become a critical component of national income. Diasporas can also provide economic assistance at the family, local, regional or even national levels (Gazsó, 2017). World over, diaspora remittances now represent one of the major financial resources. In support, Damiyano and Dosaramy (2019) narrated that remittances are now regarded as a vital building block in poverty reduction and economic development in migrant sending countries.

1.1 Research Problem

Migration comes with both costs and benefits to the nation and the migrants themselves. Chen, Kosec and Mueller (2016) indicated that a potential migrant faces a number of destination choices with different combinations of wages, search costs, and moving costs. It is important to note that all national minorities dispersed throughout the world live in unique circumstances (Gazsó, 2017). There exist temporary migration and permanent migration. Temporary migration may graduate into permanent migration, if the reasons for migration are not solved. Many Zimbabweans migrated as temporary

migrants during the economic crisis for years around 2000. Many have high hopes of coming back, once the crisis was over. However, the crisis took longer, and till now approximately two decades, the economic crisis exist. This has changed the motives of first generation migrants. More migrants continue to leave the country, and now much more easily due to networks. There now exist perpetual migration to other nations. The country continues to lose skilled labour. Progress in politics has also made some people to suffer (Bonga, 2014), hence the decision to migrate. Although the country receives remittances from migrants, the level is now questionable given the second generation migrants and their subsequent generation. Level of attachment to home country differs with generations of migrants and the time one spends outside the country. While remittances can provide a significant contribution to poverty reduction and local development in remittances recipient countries and regions, they should not be considered a substitute for effective national development and poverty reduction strategies (UNCTAD, 2013).

1.2 Research Objectives

The study seeks to observe and analyse the trend of diaspora remittances flowing into Zimbabwe through formal channels.

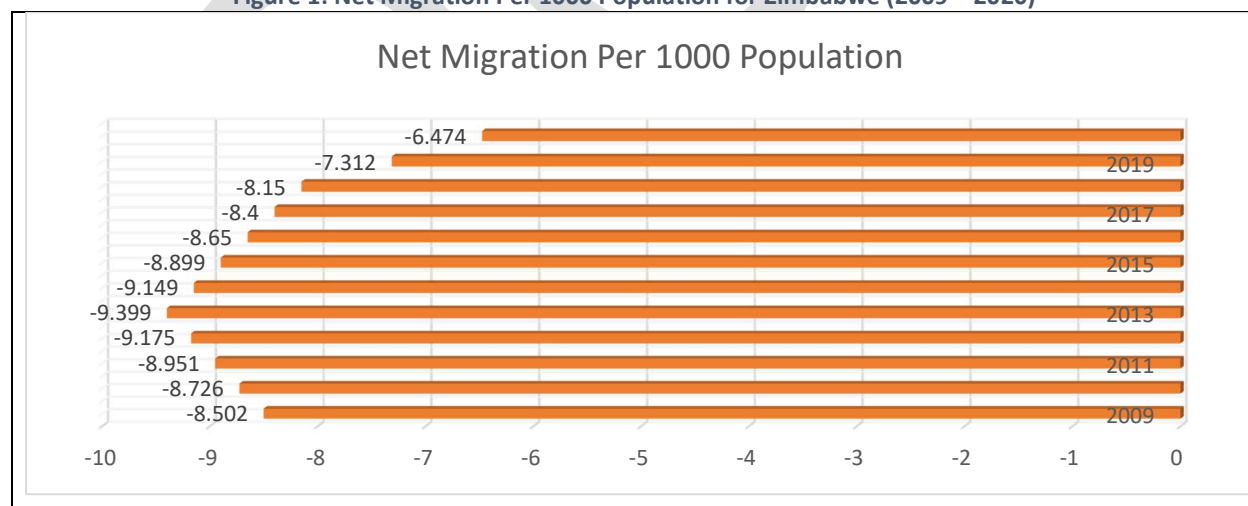
1.3 Organisation of the Study

The study is in five sections. Section I presents the introduction, Section II presented a glimpse on migration statistics in Zimbabwe, Section III contains a brief on literature, Section IV has the methodology and data analysis, and Section V concludes the study.

II. A Glimpse on Migration Statistics for Zimbabwe

While some people migrate out of the country, some migrate into the country. To have a stable economy, a nation needs a stable number of people going in and out of their territory. Net migration statistics for Zimbabwe is shown in Figure 1 below;

Figure 1: Net Migration Per 1000 Population for Zimbabwe (2009 – 2020)

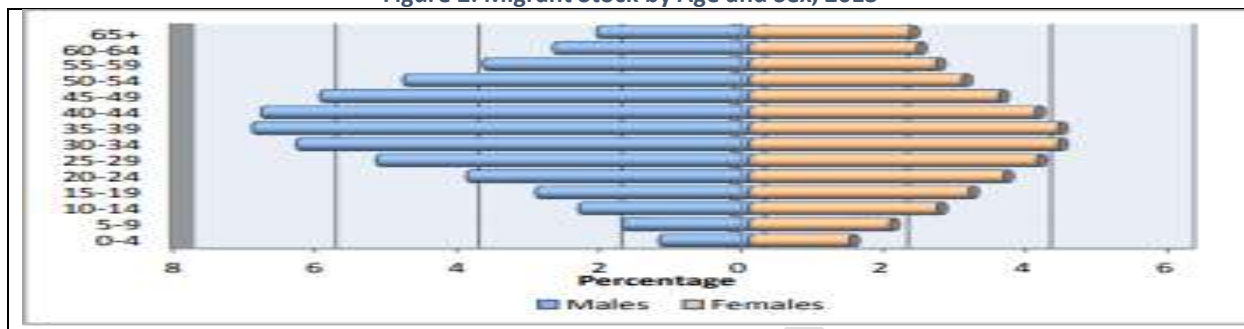


Source: <https://www.macrotrends.net/countries/ZWE/zimbabwe/net-migration>

Net migration statistics for Zimbabwe is negative for all the years implying that number of emigrants exceeds the number of immigrants. More people are living the country as compared to those coming in. There is greater motive of people to move out of Zimbabwe.

People migrating out of Zimbabwe are mixed. Figure 2 below shows the composition of migrants as at 2013.

Figure 2: Migrant Stock by Age and Sex, 2013



Source: UNICEF, <https://esa.un.org/migmgprofiles/indicators/files/Zimbabwe.pdf>

Figure 2 shows that all age groups and both sexes do migrate out of the country. Middle aged groups form the majority of migrants, while children and the old tend to migrate less. For most age groups male-migrants are more than female-migrants.

III. Literature Review

Various studies have explored the issues of migration and diaspora remittances. Migrants are pushed out of their home country by push-factors and/or are pulled by pull-factors from better economies. Many models have been developed to explain the behavior of migrants including the reasons behind their remittances back home. The extant literature still largely fails to make substantive distinctions among migrants, despite drastically varied motives and experiences (Chen, Kosec and Mueller, 2016). Relationship of migrants with the home country have been explained by various theories. Common theories include the network theory, cumulative causation theory, altruism theory, tempered altruism theory and self-realization theory. More models are expected to explain remittances and migration given generations of migrants and revolving international laws.

IV. Methodology and Data Analysis

The study obtained data for diaspora remittances from various Reserve Bank of Zimbabwe publications for years 2009 – 2020. The paper will look at both annual and monthly data for diaspora remittances.

The trend of diaspora remittances for the years 2009 – 2020 (June) are shown by Figure 3 below;

Figure 3: Diaspora Remittances Flows 2009 – 2020 June (US\$million)



Source: Various Reserve Bank of Zimbabwe publications

Figure 3 above shows the level of diaspora remittances for Zimbabwe for the multicurrency era. Zimbabwe recorded a rising trend from 2009 (US\$294 million) until 2015 (US\$935 million), being the peak,

and a downward trend for years 2016, 2017 and 2018 (US\$619.25 million), and a slight rise in 2019 (US\$635.43 million). For the half year of 2020, diaspora remittances stand at US\$374.6 million, showing a possible rising trend for the whole year.

The significant rise in diaspora remittances from 2009 to 2015 shows that Zimbabwean migrants were really attached to their home nation hence remitting a lot to their home country. It shows a strong attachment to the home country.

However, the significant drop from 2015 -2018, is worth to be looked at. Significant drop in remittances shows a decline in attachment levels of migrants and their home country. This came as a surprise, because more concern with the diaspora population is being discussed in policy debates in Zimbabwe. The coming up with the Diaspora policy and diaspora engagements. Methods of remitting monies back home have improved as compared to the past years.

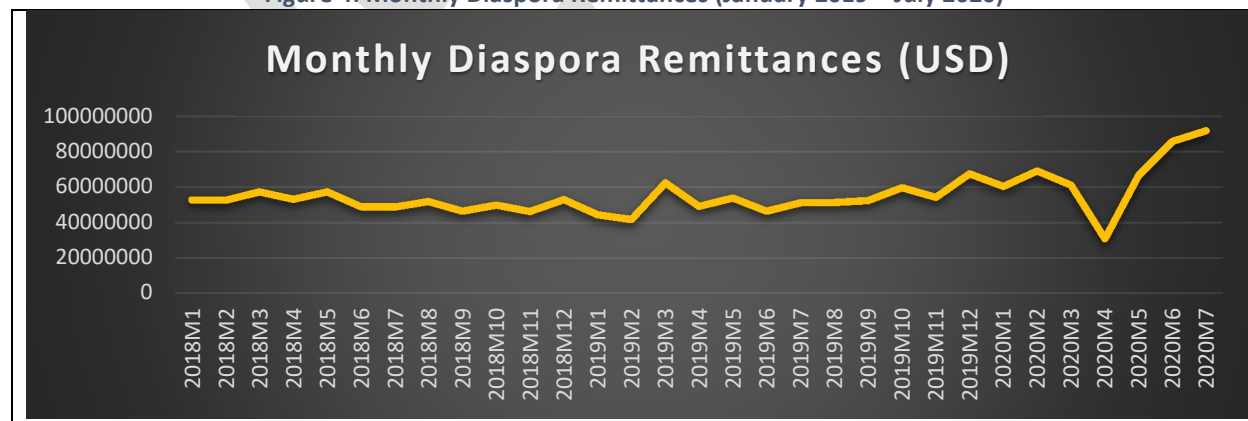
One possible reason for a significant drop in remittances may be that our diasporas have stayed too long in the foreign land and they have increased responsibilities in the foreign land. Youths get married in the diaspora, thereby reducing the share to be remitted home. Older migrants through nature may face declining energy and efforts to do moonlight jobs, hence reduction in earnings. Due to increased migration, opportunities to make earnings may be declining in some parts of the world, leading to some migrants to re-migrate to other parts of the world as well.

One reason why migrants remit back home is for investment purposes for their future. The investment climate in Zimbabwe remains questionable due to the ongoing macroeconomic crisis. The instability may cause both investors and migrants-investors to withdraw or reduce their investments opting for better returns elsewhere.

Years 2018 to 2019 have seen the trend starting to rise again though not so significant as compared to the recorded peak in 2015. This shows that a lot has to be worked on in terms of policy to ensure that diaspora earnings are re-attracted again for a significant contribution in the country. Diaspora engagement has to be strengthened and ensure win-win situation for the country and the migrants. There is greater need to differentiate first-generation migrants and second-generation migrants as well as subsequent-generations migrants. The methods to attract these groups should be different, as the level of attachment to home country differs. The decrease in remittances may also be caused by some temporary migrants graduating to become permanent migrators into foreign lands, this being caused by unending economic and political crisis in the country.

The years 2018 and 2019 showed a possible turning point for a rising trend of diaspora remittances. The study in order to examine the trend for such a period used monthly data for diaspora remittances for period 2018 to 2020 (July). The trend is shown in Figure 4 below;

Figure 4: Monthly Diaspora Remittances (January 2019 – July 2020)



Source: Various Reserve Bank of Zimbabwe publications

From Figure 4 above the trend of diaspora remittances seems stable for some months, however with some significant variations for some periods. From January 2018 to June 2018 remittances were showing higher values as compared to July 2018 to January 2019. There was a shift with a rising trend from February 2019 to February 2020, thereafter a sharp decline reaching record low in April 2020 (USD30,906,845), and again a sharp rise to end period July 2020, reaching a peak (USD91,852,638). Diaspora remittances seem to be stable for years 2018 and 2019, oscillating around the same magnitude. The pattern however changed for seven months of 2020, showing greater variability, including a significant drop in April 2020. The significant drop in April 2020 may be attributed to the world pandemic, later known as COVID-19, which caused the world to shake closing industries and people being banned from moving out of their homes. Lock down restrictions in Zimbabwe, were done in March 2020, the time which tallies with many other nations including the neighbouring South Africa which is home to many of Zimbabwe migrants. During this time the country witnessed a decline in remittances flow for March and April. For months May, June and July the flows of diaspora remittances started to rise again, this may have been caused by some arrangements done by Zimbabwe to allow the lockdown restrictions to be loosened for trade to take place.

V. Conclusion

The study noted with great concern the rising trend of migrants leaving home for other countries due to various reasons. The study also noted the longevity of macroeconomic instability in Zimbabwe that has caused migrants to stay outside the country more than they initially expected. The study have a thought that some temporary migrators have turned into permanent migrants outside the country. The study noted the differences in attachment to home country of first-generation migrants, second-generation migrants as well as subsequent-generations migrants. All this has been observed through the trend shown by diaspora remittances over time.

To activate a win-win situation for the nation and the migrant, the study recommends increased diaspora engagement, improving the investment climate for diaspora and other investors in general, working on the socio-political environment, and loosening remittances channels. Referring to other progressive nations Gzásó (2017) indicated that governments seem to pay more and more attention to strengthening ties with co-national communities living abroad. Although there is an economic benefit coming from diaspora remittances, the country should not afford to lose human capital in form of skilled labour to other nations. Increased migration or perpetual migration has a long-run damage to the country.

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