

# MIDLANDS STATE UNIVERSITY



FACULTY OF ARTS

DEPARTMENT OF DEVELOPMENT STUDIES

RESEARCH TOPIC: THE IMPACT OF SA RAND DEVALUATION ON THE  
LIVELIHOODS OF RECIPIENTS OF DIASPORA REMITTANCES IN CHIREDDI  
URBAN.

BY

TAFADZWA GLADMORE MAGOMBEDZE

R131194A

SUPERVISOR:

MR R. SILLAH

DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS OF THE BACHELOR OF ARTS HONOURS DEGREE IN  
DEVELOPMENT STUDIES DEGREE.

NOVEMBER 2016

# MIDLANDS STATE UNIVERSITY



## RELEASE FORM

NAME OF AUTHOR	TAFADZWA GLADMORE MAGOMBEDZE
TITLE OF DISSERTATION	THE IMPACT OF SA RAND DEVALUATION ON THE LIVELIHOODS OF RECIPIENTS OF DIASPORA REMITTANCES IN CHIREZI URBAN.
DEGREE PROGRAM	BACHELOR OF ARTS HONOURS DEGREE IN DEVELOPMENT STUDIES
DISSERTATION SUPERVISOR	MR R. SILLAH
YEAR OF AWARD	NOVEMBER 2016

Permission is hereby given to the Midlands State University Library to produce single copies of this dissertation and to lend or to sell such copies for academic purposes only. The author reserves other publication rights; neither the dissertation nor extensive extracts from it may be printed or otherwise reproduced without the author's written permission.

**SIGNED..... DATE.....**

# MIDLANDS STATE UNIVERSITY



## APPROVAL FORM

This serves to confirm that the undersigned have read and recommended to the Midlands State University for acceptance for a dissertation entitled; **“The Impact of SA Rand Devaluation on the Livelihoods of Recipients of Diaspora Remittances in Chiredzi Urban”**. Submitted by **Tafadzwa Gladmore Magombedze Registration Number R131194A** in partial fulfilment of the requirements of the Bachelor of Arts Honors Degree in Development Studies.

Supervisor:.....DATE...../.....2016

(Signature)

Chairperson:.....DATE...../.....2016

(Signature)

**Dedications**

This work is dedicated to both my immediate and extended family. Specifically mentioning my parent Mrs S Magombedze and my deceased loving father Mr L Magombedze who had their support on my studies. I also dedicate this study to my sisters Deliwe and Loveness magombedze as well as their families for being my role models and for inspiring me to reach this level of academic studies. I am grateful for the support given by these important people.

## **Acknowledgements**

I would like to acknowledge the cooperation, encouragement and support from many people behind the success of this research. The MSU academic and non-academic staff is appreciated for its support. Worth mentioning is the excellent guidance and special attention constantly given to me by my project supervisor Mr R. Sillah. His academic guidance and motivation throughout the whole project is really appreciated.

The support given by the Chiredzi community for the success of this project is also recognised. The local authorities are also recognised for granting permission to carry out the research without interferences. The remittances recipient family members and the bank officials are the main providers of the data for this project and their contribution is really appreciated as these are the main inputs for the project.

## **Abstract**

*The main purpose of this research was to explore the effects of SA rand devaluation on the welfare of families in Chiredzi urban district that depend on remittances send to them by those in SA diaspora. It is clear that diaspora remittances have been a source of livelihood for a lot of Zimbabweans since the decline of the local industry have resulted in people looking for other opportunities elsewhere outside the country. In Chiredzi urban there is a lot of informal activities making the town vulnerable to high levels of migration during tough times. The high dependence on diaspora remittances was mainly embraced from the early 2000 when the Zimbabwean economy started experiencing its toughest challenges, then remittances came as a short term survival strategy and in most cases it became a long term livelihood. The research therefore seeks to find the problems being experienced as a result of rand devaluation and overdependence on this rand. The researcher then used mixed research approach were both qualitative as well as quantitative research methodologies were employed so as to gain both analysis of experiences and econometrics surrounding rand devaluation. It was a longitudinal research design were data of past and present events was collected from selected families and key informant agencies. Particular attention was however given to the families' experiences in terms of their livelihoods including income, assets acquired, food security, children's welfare, health care and general standard of living. To assess the pattern of money transfers into Chiredzi as a district international money transfer agents were also approached for data collection. The research reviewed that rand devaluation had a devastating negative impact to the livelihoods of those who depend on it mainly affecting the household income in USD due to the unfavourable volatile exchange rates in the recent past. The study also looked a little bit on how these families managed to survive such an external blow brought by the devaluing rand.*

**Key Words: Rand devaluation, livelihoods, remittances, exchange rate**

## ACRONYMS

CBK	Central Bank of Kenya
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GNP	Gross National Product
IMF	International Monetary Fund
IOM	International Organisation for Migration
NELM	New Economics of Labour Migration
RBZ	Reserve Bank of Zimbabwe
SA	South Africa
SADC	Southern African Development Community
SAPS	Structural Adjustment Programmes
USD	United States Dollar
ZIMRA	Zimbabwe Revenue Authority
ZIMSTATS	Zimbabwe National Statistics Agency

## Contents

RELEASE FORM .....	i
APPROVAL FORM .....	ii
Dedications .....	iii
Acknowledgements .....	iv
Abstract .....	v
ACRONYMS .....	vi
INTRODUCTION .....	1
Background to the study.....	2
Statement of the problem .....	3
Objectives .....	3
Research Questions.....	4
Significance of the Study .....	4
<b>Theoretical Framework.....</b>	<b>5</b>
Conceptual Framework .....	6
Research Methodology.....	7
Research design.....	8
Targeted Population .....	8
Sampling.....	9
Data collection .....	10
Data Analysis.....	12
Ethical considerations.....	12
LITERATURE REVIEW.....	13
CHAPTER ONE .....	17
REMITTANCES TRENDS IN CHIREDDI; A HISTORICAL ANALYSIS .....	17
1.1 Introduction.....	17
1.1.1 The Rise of the Diaspora .....	17
1.1.2 South Africa as a Prime Destination for People from Chiredzi.....	20
1.1.3 An overview of remittances trends and volumes into Zimbabwe.....	22
1.1.4 The general impact of remittances on the receiving community .....	24
1.2 Chapter Summary .....	27
CHAPTER TWO .....	29
RAND DEVALUATION AND ITS IMPACT ON THE LIVELIHOODS OF THE RECEIVING COMMUNITY IN CHIREDDI .....	29



2.1 Introduction.....	29
2.1.1 Explaining the devaluation of the rand .....	29
2.1.2 The rand/USD exchange rate volatility .....	31
2.1.3 The impact of rand devaluation on the livelihoods of the receiving community of Chiredzi .....	32
<b>2.1.3.1 Effects on Household Income</b> .....	32
<b>2.1.3.2 Effects on Food security</b> .....	36
<b>2.1.3.3 Effects on acquiring and maintaining Assets</b> .....	37
<b>2.1.3.4 Effects on Children’s welfare</b> .....	38
<b>2.1.3.5 Effects on access to Health Care</b> .....	39
<b>2.1.3.6 Impact on other sources of livelihoods</b> .....	39
2.1.4 The pattern of remittances into Chiredzi through formal channels. ....	40
CHAPTER THREE .....	42
COPING STRATEGIES EMPLOYED BY THE CHIREDDZI COMMUNITY IN THE FACE OF RAND DEVALUATION	42
3.1 Introduction.....	42
<b>3.1.1 Coping Strategies in the face of the devaluing rand</b> .....	42
3.2 Chapter Summary .....	45
CONCLUSION.....	46
Bibliography .....	49
APPENDICES .....	53

**List of Figures**

<b>Fig 1 Rand/USD exchange rate volatility in the past 4 years.....</b>	<b>31</b>
<b>Fig 2 Performance of Monthly average household income in the past 5 years.....</b>	<b>35</b>
<b>Fig 3 Monthly remittances flows per year.....</b>	<b>40</b>

**List of Tables**

<b>Table 1.1 Experiences on remittances patterns.....</b>	<b>33</b>
<b>Table 2.1: Average Monthly Remittances before 2014 Rand devaluation.....</b>	<b>34</b>
<b>Table 3.1: Average Monthly Remittances from 2014 to date.....</b>	<b>3</b>

## **INTRODUCTION**

The main aim of this research was taking an in-depth analysis of how the depreciation of the SA Rand affected the reliance on Diaspora remittances that are send by migrants in SA back to their families in Zimbabwe as a source of livelihood. The main focus of the study being on how the fluctuation of remittances flows can be explained in relation to the performance of SA's economy which is a host to a number of Zimbabweans. Recently the SA economy have been struggling to maintain its stance as one of the strongest economies in the region and this have affected the monetary value of the Rand. This have resulted in more suffering to families depending on the Rand send to them by those in SA since this currency have become weak against the US dollar currently being used in Zimbabwe. A close look on how the fall in value of the Rand affected the socioeconomic development of families that are recipients of money and goods that are send from SA being the main objective of the research. This could best be understood through tracing of how the SA economy is shrinking, what are the causes, challenges that are being faced by those in the diaspora due to this economic challenges and how these challenges effects the amount of cash and goods send home. However the research dwell much on challenges that were and are still faced by the recipients of remittances in Zimbabwe in terms of exchange rates as well as the amount of money and goods they receive. Chiredzi urban was chosen to be the study area because remittances have been a survival strategy for Zimbabweans in the Lowveld since way back before the crisis of 2000 which saw the rest of the country harnessing the diaspora as a sources of livelihood. The diaspora have been facing a number of challenges which include high tariffs for cash transfers, poor legal pivot for employees and the economic crisis of the hosting nation have also worsen the situation. The coping strategies that were adopted by the Chiredzi community to try and resist the shocks brought about by the devaluing rand.

## **Background to the study**

Post-independence migration in Zimbabwe have been divided into two phases, the first one being that of the 1980s and the second one late 1990s up to date however since the beginning of the new millennium emigration from Zimbabwe to South Africa have been slowly increasing following the deteriorating performance of the economy and the increase in political instability. It is believed that during the period between 2001 and 2005 a new wave of migration started with large concentrated outflow of Zimbabweans. About 11 620 Zimbabweans are estimated to have left the Country in a period of three years ending 2005 marking the beginning of the Zimbabwean exodus finding their destination in Africa, Europe and USA mostly. However the nearby South Africa seemed to be the destination for most emigrants from Zimbabwe during the new phase of migration which began with the new millennium. The 2008-2009 political and economic crisis marked another massive exodus of Zimbabwean to South Africa with numbers booming to about 8 000 during this period alone.

According to IOM (2009) by the year 2009 Zimbabwean emigrants in SA estimates did not exceed 1.5 million, the period between 2009 up to date have experienced slow and steady increase in the number of Zimbabwean emigrants which resulted in the increasing of total estimates of South African based diaspora increase to about 2, 5 to 3 million Africa Check (2013). This shows an increase in the migration rate with more than 40% in the past decade showing an ever increase in the number of emigrants from 2000 up to date. Tevera and Zinyama (2002) cited in Ncube and Gómez (2011) stated that in the history of Zimbabwe in the past decade the country experienced the most unusual mass departure of its citizens to other countries.

As a result of such ever emigrating population more families had to look forward to receiving remittances for survival from relatives and friends that went to look for greener pastures abroad because the economically active group consisted of about 70% of the emigrating population. This increased the number of recipients of remittances back home and also meant an increase in the volume and frequency remittances sent back home. People in Chiredzi have been among the most groups of people depending on diaspora in the history of Zimbabwe, Maphosa (2005) pointed out that remittances are the most important source of livelihood in the southern region of Zimbabwe. This could be seen in the dominance of the use of SA Rand as compared to other currencies used in the country during the adoption of the multicurrency system, even up to date the Rand is locally recognised though to a lesser extent. Remittances have been in form of cash and goods which have

supported people in terms of food security, acquiring assets and raising standards of living in a number of ways.

The devaluation of the rand had a negative impact on the livelihoods of people in Chiredzi since its depreciation in the past few years have been causing the currency to lose its strength against other currencies especially the USD which is one of the strongest currencies in the world and is locally used in Zimbabwe. The value of a currency is directly linked to the performance of its economy and the problems facing the SA economy recently have resulted in increased expenditure for those in diaspora which results in low savings to send home thereby directly affecting the flow of money send back home which is a form of livelihood for a number of people in Chiredzi. The currency devaluation on the other hand resulted in an indirect impact on the livelihoods since the send money continued to buy less. This is evidenced by the fact that the Rand has been steadily weakening in the past 6 years but as of 2014 to 2016 its rate of devaluation was rapid and it reached its climax with the currency losing its value with more than 30% in 2 years.

### **Statement of the problem**

Chiredzi is one of the hardest hit towns since there is over dependence on diaspora remittances as a source of livelihoods. This is because the small town has a long history of emigration to SA due to low industrialisation, and short distance between Chiredzi and the Beit Bridge boarder post and this have resulted in over reliance on diaspora remittances. It is therefore imperative to take a close look at the impact of Rand devaluation on this overreliance on diaspora remittances and study the effects it had on the little hope of those depending on money and goods send from SA. As the rand was losing value it was abandoned bit by bit and now the effects can be traced from the volatile exchange rates between the Rand and the USD which is to the negative side of the Rand now the currency used locally. Research is needed to explore the impacts of such challenges on the welfare of families left behind in the area under study.

### **Objectives**

1. To examine the impact of Rand devaluation on livelihoods of recipients of remittances in Chiredzi.
2. To trace the trends of money and goods transfers to Chiredzi in the past 5 years.

3. To investigate how Rand devaluation affected the socioeconomic status of families depending on diaspora in Chiredzi.

### **Research Questions**

The following research questions were tried to be answered by this research:

1. What impact did Rand devaluation have on the livelihoods of recipients of remittances in Chiredzi?
2. What was the trend of money and goods transfers from SA to Chiredzi in the past 5 years?
3. How did the Rand devaluation affect socioeconomic status of families depending on diaspora in Chiredzi?

### **Significance of the Study**

The study assess some of the challenges facing diaspora remittances as one of the temporary socioeconomic survival strategies as well as a long term livelihood so it is of much importance to different groups of organizations, institutions and people in Zimbabwe. This is because the country is facing a number of social, political and economic problems and diaspora came as a relief to a number of people affected by these problems, so exploring challenges faced abroad and locally helps come up with both long and short term solutions to these problems. Giving a clear picture on the impact of the devaluation of the Rand gives policy makers the ability to formulate and implement formal domestic exchange rate policies that try and resist the impact instead of another crisis when diaspora is seen as a hope by many. Therefore the study is important to the government, international organizations, academia, local and the diaspora communities. It helps organizations such as IOM, IMF and the World Bank as organizations that supervise international circulation of money between countries to come up with international monetary regulations that are favourable to perform international transfers that further promotes diaspora remittances development potential. It is also important to the government of Zimbabwe which is responsible for enforcing policies that safeguard those in the diaspora as well as ensuring that remittances contribute to the development of the country since they are ranked second on foreign exchange inflows after exports.

## **Theoretical Framework**

The theoretical perspectives guiding the study are migration theories that link migration and development since these hypothesis have tried to explain that migration have an impact on development through a number of ways of which remittances are one of them. Migration optimists and migration pessimists were identified De Haas (2008) as two most opposed approaches to explaining the contribution of migration to development. Optimist approach consist of migration theories that explains migration as having a positive impact on development while the pessimist approach consist of theories that believe migration have some negative impacts to development. Under the migration optimist approach the New Economics of Labour Migration (NELM) theory propounded by Stark and Bloom (1985) was tested its relevance in the research and under the pessimist perspective the relevance of the Neoclassical Economic Framework introduced by Todaro (1969) was explored but to a lesser extent.

Migration optimists believe that migration have a positive impact to the process of development in sending communities as it can result in counter flows of cash and goods back home. One of the main arguments of the NELM is that the decision to become a migrant worker cannot be made on individual bases but on family or society bases. Taylor (1999) states that according to the NELM remittances have a positive impact on the economy in poor sending countries because households with members in the diaspora lose production and restriction risks. The NELM which greatly influence the pessimist perspective views remittances as essential in reducing poverty among household through utilizing human capital. Maphosa (2005) states that NELM views migration as a strategy by families to raise income, acquire investment capital as well as ensure themselves from risks. According to Lucas and Stack (1985) migration is a household response to income risk since remittances serve as income insurance for households in the country of origin. Basing on this tenet, the NELM theory will be used to assess the impact that of remittance on the socioeconomics of selected families in Chiredzi and how the economy of hosting countries can affect the flow of these remittances.

Migration pessimists have a different view to the impact of migration on development, they view migration and remittances as they create a dependency syndrome among those families left behind. Ncube and Gomez (2011) point out that pessimists portrays remittances as promoting dependency and Flashy lives which do not guarantee sustainability, in this view the study tried to assess the extent of unsustainability of SA remittances due to devaluation of the Rand. The central argument

of the neoclassical theory is on wages people migrate from low income societies to high income societies abroad, Mansoor and Quillin (2006) argues that there should be more than 30% wage differential for the gains of migration to override its costs. Alexandra also argues that wage differences are due to geographic differences in labour supply and labour demand and Jennissen (2007) states that countries with a shortage of labour relative to capital have a high equilibrium wage, whereas countries with a relatively high labour supply have a low equilibrium wage. So this theoretical perspective of wage differences was used in the study to explain the reasons for migration, how devaluation of the Rand affected wages for migrants, which further affected remittances flows as well as how it affected migration trends.

### **Conceptual Framework**

Assessing the impact of the devaluation of the Rand on the livelihoods of people supported by remittances was best achieved through employing a number of indicators to measure the behaviour of their livelihoods. These indicators are derived from the definitions of livelihoods, as alluded by Chambers and Conway (1991) livelihood comprises the capabilities, assets and activities required for a means of living. In this respect to assess the extent of the impact of the devaluation of the SA Rand on the livelihoods of families that rely on remittances in Chiredzi urban a number of social indicators both general and those specifically linked to remittances were used. Observing the families' capabilities to meet the day to day needs was one measure used to assess the impact of the Rand, access to basic needs like affording three meals a day, being able to have a balanced diet, affording better sanitation like use of toilet tissues among others. Studying the families' ability to acquire as well as maintain both fixed and immovable assets before and after the devaluation of the Rand was also of great importance.

Besides the studying of the capabilities of families to access basic needs as a way of understanding the impact devaluation of the Rand had on the lives of local people depending on remittances some more direct and economic indicators were also used. These economic indicators include studying the frequency of cash transfers through formal channels, like the mukuru facility, the volumes of goods and cash from SA to Chiredzi as well as the movement of people to and from SA. The socioeconomic indicators that were used to measure the research problem include the following:

Volume of Rand circulating in the micro economy of Chiredzi

What is the community receiving more from SA Goods or money?

- Income
- Assets acquired
- Food security -Ability to afford three meals a day  
-Ability to have a balanced diet
- Children's welfare -school attendance  
-adequate clothing
- Health Care
- Standard of Living -Ability to afford better sanitation like toilet tissues  
among others - Adequate Accommodation

## **Research Methodology**

The research was mixed in nature involving qualitative as well as quantitative since the main purpose of the study was to find social as well as economic problems. Narratives were used to best explain how the social wellbeing of local people was affected by the economy of a foreign nation. Thus qualitative approach was adopted because the research was aimed at investigating what people experienced as well as what they are currently experiencing. The qualitative research was also instrumental in answering research questions like what caused most families to rely on remittances, what caused the fall in value of the Rand, how the fall in value of the Rand is affecting remittances among other questions since these questions could best be answered with narrative answers. Qualitative research was also preferred because the method values explanations of experiences by respondents as well as the researcher, in this case the respondents had room to explain what they experienced in terms of changing behaviours of money send from the diaspora and what type of remittances they received during the period under study (cash or goods).

Quantitative research was used and instrumental in gathering and analysing economic issues that surrounds the research. The quantitative research method involves the numeric data gathering and analysis which is the best for econometrics research and in this research the numeric data was important in establishing the econometrics surrounding money transfers from SA to Chiredzi. The volatile nature of the exchange rates between the SA Rand and the USD also needed numeric data therefore the adoption of quantitative research alongside qualitative research. Quantitative research was also adopted so as to measure the quantity and amounts of money received in Chiredzi using



statistical analysis of money received by receiving families as well as money received through banks.

### **Research design**

A longitudinal impact study approach was used for this research because the design allows the study of a sequence of events over a period in time. In the case of this study a sequence of events related to the devaluation of the Rand were observed through observations on recipients of remittances. The longitudinal study lead to the study of livelihood performances before and after the devaluation of the Rand that is a period of 5 years which is from 2012 up to date. This research design drove for the cause and effects of the devaluation of the SA Rand during the period under study, the causes based on the study of the SA economy in the past five years and the effects on the study of the livelihoods of recipients of remittances from SA.

Cohort longitudinal study was preferred for the study since it involves the selecting of research participants based on similar traits and in the case of this study the similar trait considered was receiving remittances from SA. Longitudinal research design involves collecting of data of events that covers a long period of time and this was useful in the study because it helped in establishing the patterns of money transfers, patterns of the volatility of exchange rates as well as patterns of livelihoods behaviours. The design also had an advantage in coming up with the link between the volatility of the Rand/USD exchange rate and livelihoods of Chiredzi community as well as coming up with long term changes in the welfare of recipients of remittances.

### **Targeted Population**

The research will target families that relies on diaspora remittances as a livelihood strategy in Chiredzi urban district as well as migrant returnees, those with links in the SA diaspora will be targeted because the greater percentage of migrants find their destination in SA as compared to other long distance destinations. The census of 2012 reviewed that Chiredzi urban has a total of about 29 892 with 8 464 households ZIMSTAT (2012). Out of about 8 464 households in Chiredzi urban population an estimation of about 20% have at least one family member or relative in SA and the researcher will manage to engage 50 households. The population of Chiredzi urban was chosen by the researcher because it is small of about 275 759 ZIMSTAT (2012) which means the representative sample is going to be small also thereby giving the research the capacity to provide a better picture of the situation on the ground. Due to the heterogeneous nature of the urban population the researcher contacted one on one investigations and that forced the engagement only

50 people in the research which comprised of 40 households, 3 bank officials and 7 informal money changers.

### **Sampling**

It was impossible for the researcher to collect data from the targeted population in the area of study so only a sample size population was selected to represent others who were not reached by the research. Only a small part of the whole population was selected for the study and the sample size was about 2, 4% of the targeted households. This sample population was used as a particular group of informative people to fairly generalise the results back to the whole population of those relying on diaspora remittances for survival in Chiredzi urban. Purposive sampling was adopted as the best sampling technique in study since it is a qualitative research.

This type of sampling was chosen for the study since it involves selecting sample participants with a purpose in mind targeting a group of people with predefined characteristics and in the case of this research recipients of remittances in Chiredzi urban were targeted. Purposive sampling was preferred because it also provide the right respondents that have information about the issue under study who were able to provide best answers to the research questions. To choose key informant respondents purposive sampling was utilized in which the respondents from selected banks that offers Mukuru facility were identified.

Snowballing was also used in identifying sample respondents, this is where the researcher tried to convince participants to identify each other so as to make it easy to come up with a reasonable number of samples. The respondents referred the researcher to other people who have the same characteristic of receiving SA remittances. This technique was however used in few cases since the researcher discovered that it was prone to information bias since most respondents chosen for a pre-survey using this method had almost same behaviours and attitudes.

Under purposive sampling the maximum variation sampling technique and the criterion sampling techniques were also employed as best sampling methods because these allowed for the selection of unique families. Palys (2008) argues that maximum variation sampling involves searching for cases or individuals who cover the spectrum of positions and perspectives in relation to the phenomenon under study. This view was used in the research to identify individuals that cover the spectrum of positions to answer research questions on diaspora remittances and those with knowledge to back their perspectives on the relationship between the Rand from SA and the USD

in Zimbabwe. The Criterion sampling method which involves searching for cases or individuals who meet a certain criterion was used to choose respondents that meet the criterion of receiving remittances from South Africa.

### **Data collection**

Key informant interviews were adopted in the research as a data gathering instrument and it was very important in that it involved crucial people who had been observing, gathering data and recording cash transfers that come through formal channels. These interviews involved one on one interrogation of persons in institutions that controls formal international transfer channels like banks that offers Mukuru. In this case Bank managers were interviewed giving their views and observations on remittances during the past 5 years as well as explaining the volatility of Rand/USD exchange rates. According to McNamara (1999) through interviews, the interviewer can pursue in-depth information around the topic, they may be useful as a follow-up to certain respondents to questionnaires. These Key informant interviews were important in that they allowed the researcher to gather information on patterns of money transfers during the period under study as well as get already recorded information. Informal money changers were also targeted and gave their observations and experiences during the period under study, since they control the informal exchange rates they also gave important insight on the fluctuation of the exchange rate between the Rand and the USD on the black market.

Selected family members who rely on diaspora remittances from SA were also interviewed, among these were also return migrants who were interviewed. One on one interrogations with people who have relatives in SA were conducted, this was instrumental in shading more light on the nature of social life and experiences during the period under investigation. Interviews also proved to be instrumental in trying to come up with a descriptive picture of how events were happening during the devaluation of the Rand because the interviewees have room to explain the dynamic nature of remittances flows and the influence remittances had on livelihoods as well as how that impact had been changing. Interviews were adopted in the study because they allowed the interviewer to pursue some in-depth information surrounding the topic as well as new issues that imaged during the interview or research period. Interviews also gave the chance for the researcher to have physical observations on the facial expression of the interviewees on how they feel on the devaluation of

the Rand at the same time giving chance to directly observe some indicators of the problem under study.

Questionnaires were used in the research study because structured and unstructured sensitive questions about people's livelihoods were asked and respondents would answer freely in the absences or presence of the researcher whatever way they feel comfortable with for their maximum cooperation. Questionnaires were also adopted because the information was straightforward as well as to collect it in a standardised format since it involves numbers. Questionnaires were also used as a supplementary data gathering instrument to collect information from different people to get reliable and adequate information at once. Questionnaires were used so as to present research questions as they are, avoid bias and get clear answers as well as save time. Questionnaires were designed for three different groups of people each set of questionnaires consisting of a series of questions that suit each group. A total of 50 questionnaires were crafted of which 40 were distributed to family members that have relatives in the diaspora, 7 to money changers and 3 to bank officials. However 5 of the questionnaires were spoiled, with 3 not answered at all and 2 not answered properly. In gathering qualitative data questionnaires are very instrumental because it helps the researcher to collect information in a standardized way and enabled him to reach out to a number of respondents from different angles. Questionnaires also had an advantage of collecting statistical information like the direct amount of money received by respondents as well as recorded information from organisation involved in money transfers.

In trying to fill in the gaps left by some data gathering techniques in collecting data the researcher made use of desktop research, an instrument which was mainly used to collect data from existing secondary sources. The secondary data sources that were used include journals, online news platforms, textbooks, academic and non-academic articles, newspapers, research and conference papers as well as websites among others. These secondary sources were consulted because they contain the relevant information since they are frequently updated with new information which is critical for the research since it involves current affairs. This technique is useful in collecting data that may have been missed through interviews and questionnaires since some respondents could leave some questions unanswered or answer wrongly especially when it comes to structured questions. Desktop research is the main instrument in gathering information that already exist in the research area, information about the study area as well as information that cannot not be

accessed directly through interviews like information on SA economy and currency. This is the data collection instrument that can make the researcher able to identify research loopholes that were left by other pieces of research, thereby preparing the researcher for field work and avoidance of researching on already researched areas.

## **Data Analysis**

Thematic coding was used by the researcher as a data analysis method, thematic as a qualitative analysis technique involved pattern identification through data familiarization, data coding as well as theme development and revision. The researcher preferred to use the thematic data analysing stages proposed by Patton and Cochran (2002) were Firstly on thematic data analysis the researcher have to read and annotate the data observing and familiarizing with the collected recorded data, the researcher then goes through the data in detail identifying themes making sense of the themes and writing what the respondents were trying to portray. A code scheme was then developed were all common themes identified at second stage were listed and given codes giving wider data analysis paths and finally these codes of data were applied to the whole set of data by recording the codes on the interview scripts, research notes and questionnaires. The overall analysis involved amending the data codes while going through the data in detail.

For further understanding of the qualitative coded information quantitative statistical data analysis techniques were adopted, it was also useful in analysing the numerical data collected. The techniques used include ranking and scoring matrix, total counting, average calculations as well as percentage calculation. Total counting was used in calculating how many people gave same answers on closed questions, averages were used in calculating the average remittances received, and percentages were also calculated.

## **Ethical considerations**

For a research to be successful there was need for the researcher to have the ability to consider ethics that surround the research population, research methodology used as well as the topic under study. In this respect the researcher deliberately considered and respected the beliefs, values and norms of the respondents' community so as to avoid information bias. Considering how respondents might react is the best strategy to avoid ethical conflicts with local people, cultural values of the Shangani tribe that dominates Chiredzi district are amongst the most respected ethics to be considered during the study. Confidentiality and trust in that all the data collected from

respondents confidentially was to be used for academic purposes only will also be considered and protecting experiences as well as identity of people from which information was collected is one other top priority of research ethics. Confidentiality is one of the most important ethics especially when it came to the information collected from organisations like banks since it is part of the institutions' policies to consider their information as private and confidential.

## **LITERATURE REVIEW**

Many studies that try to link migration and development have mainly focused on researching issues that include the impact of remittances on development, the contribution of migration and remittances on reducing poverty, impact of migration on children, contribution of remittances to access basic needs and negative impacts of migration among others. Little have been done to specifically focus on assessing the challenges being faced by emigrants and their families in sending regions, the fluctuation trends of remittances flows and what have been causing the volatility behaviour of remittances. This research tried to fill in that gap by looking at how the economic challenges facing SA and the fall in value of the Rand have affected the flow of remittances as well as socioeconomic welfare of recipients of remittances in Zimbabwe. The debate on theoretical explanations to the remittances phenomenon is also present in the existing literature on migration, remittances and development. The study of remittances in Zimbabwe have been characterized with generalization of remittances issues neglecting the heterogeneous nature of communities which experience different problems.

A number of researchers have done a recognizable work in studying the contribution of remittances to local communities' survival during times of economic hardships in Zimbabwe, scholars have agreed that migrant workers abroad send significant amounts of money to their families at home as a strategy to raise household income. According to Maphosa (2005) remittances increased their flows in recent years that they have become the second contributor of foreign currency to developing countries after Foreign Direct Investment (FDI). Bracking and Sachikonye (2010) even went on to argue that in Zimbabwe a wide range of remitters are reducing the impact of the current economic crisis by sending money and goods to more than 50% of urban households. These are outstanding observations made when it comes to studying the impacts of remittances because it clearly shows the economic and social development potential of remittances, however there is lack

of in-depth analysis of extent to which these remittances contributions goes and the factors affecting remittances flows to show the extent these remittances can be relied on.

The economic issues surrounding the study of remittances phenomenon also include the contribution of remittances to migrant sending micro and macro economies, little has been done to assess the effects of the hosting nation's economy on remittances. Maphosa (2005) mentioned the contribution of foreign economies but did not do justice to the impact since he only mentioned in passing that among the determining factors of who will remit or how much is remitted is the performance of the hosting county's economy, exchange rates, how much the migrant have stayed away, risk factors and the efficacy of transfer institutions. Another topical issue especially among government departments and media houses when it comes to researching and reporting on remittances is mere tracing of the amount of cash and goods transfers from host countries back home. They do not go deeper into tracing the root causes of changes in certain economic behaviours and the extent to which these changes affect socioeconomic development. According to the Central Bank of Kenya CBK (2013) monthly surveys on remittances inflows that are send via formal channels revealed that there was an increase of cash transfers into Kenya between 2011 and 2013 but there is lack of explanation what caused such an increase, it is clear that there is neglect on researching about remittances through informal channels as well as on the impact of such changes. For example the RBZ (2016) monetary policy statement only states that remittances have been the second contributor to foreign currency inflows after exports contributing about 29% between 2009 and 2015. The central bank only recorded the fluctuation of remittances inflows but did not give external economic explanations that may include the 2008 global economic recession and the fall in value of the Rand which is one of the countries' major trading currencies.

More so the focus on the positive effects of remittances on reducing poverty in the study of migration and development have gained momentum recently as most studies have reviewed that migrant sending communities have adopted this as a poverty alleviation strategy. Dube (2014) is of the view that the assumption of most studies on migration is that it brings positive benefits as it results in monetary inflows for poor households and nations. This is a true statement because in most cases migration for economic reasons had been resulting in most poor communities sending economically active population with remaining families left with hope to come out of poverty only when migrants support them economically from abroad. Maphosa (2012) have supported this

statement by arguing that remittances have the potential to reduce poverty but only when better policies and laws that encourage remittances inflows and investment are administered. As far as Maphosa is right on his statement he did not dwell much on how currently these contributions by remittances are failing to reach their expected maximum potential level so as to help the improvement of policies he referred to. Ncube (2011) sites Adams and Page (2005) who argue that among the impacts of remittances is reduction of poverty levels while Maitho and Ratha (2005) notes that sources of foreign currency particularly remittances pays a very critical role as a macroeconomic development and poverty reduction strategy. Bracking and Sachikonye (2010) on the other hand argues that policies that are designed to improve the extent that migration remittances contribute to poverty reduction in migrant sending countries are still weak and usually side-lined in development policy planning. This is true as far as remittances and development is concerned but there was no much light shaded on showing problems affecting remittances potential so as to clearly depict that there is a problem and attract attention of policy makers to accommodate these remittances as well as protect them in their development policies.

The study area have been targeted by migration researches but to a lesser extent, researches have been concentrating on the rural part of Chiredzi while looking at the impacts of migration to remaining family members as well as challenges faced when migrating. IOM (2009) migration profile mention Chiredzi as one of the hotspots of the recruitment of young girls trafficked to the nearby South Africa as a migration consequence. Save the Children (2008) also wrote about the small town on the research about the experiences of child migrants, the organisation recorded a number of narrations of what children including those from Chiredzi experienced when deported from SA. There is lack of in-depth published researches on migration and remittances targeting small towns like Chiredzi, Chipinge and Checheche among others yet they are directly linked to the diaspora especially South Africa.

It can be argued that there is generalization of information about diaspora remittances in Zimbabwe with most statistics showing the estimated national picture, little work has been done to look closely at small communities that are supported by these remittances. Studies on remittances in small communities have been targeting boarder town mainly yet they are not the only hardest hit areas. Diaspora remittances savings and investment to foster development in Zimbabwe have been emphasized recently with Masiyiwa and Doroh (2011) emphasizing on diaspora investment and



trade. Although it is important to try and accommodate diaspora in development strategies there should be enough research on the potential impacts of external forces to allow policies that allow maximum contribution of diaspora to the welfare of families left so as to boost diaspora confidentiality to participate in national development. Scholars like Makina (2010) have tried to estimate the flow of remittances into the country through informal channels using an approach based on assumptions of money each migrant abroad can send home by calculating averages of formal remittances. Though Makina's attempt to recognize remittances that are transferred via informal channels can be the best so far judgement based on assumptions might be affected since the capacity of migrants may be affected by economic problems of the host nation.

The study on remittances have been done from different theoretical angles of which most have explained remittances from an optimistic perspective through NELM theory and pessimistic perspective through Neo Classical Economic framework. Some scholars have used theories like Altruism and self-interest theories, the main tenets of these revolve around motive that drives one to decide to remit. Lucia (2011) is of the view that although most studies support that neoclassical theory of migration is the best way to understand reasons of migration as those of wage differentials the theory is weak to explain migration in other regions. On the other hand scholars like Ncube (2011) states that NELM brought a new approach to the study of the relationship between migration and development. These theories are the best in explaining reasons for migration but they can give best guidance in studying migration issues if they are both used as they complement each other.

# CHAPTER ONE

## **REMITTANCES TRENDS IN CHIREDDZI; A HISTORICAL ANALYSIS**

### **1.1 Introduction**

This chapter seeks to review the remittances trends in Zimbabwe and Chiredzi that is how money as well as goods flows into Chiredzi from outside the country, how and why such money and goods flow in the way they do, when and why remittances become important for Chiredzi community. It also traces the history of the rise of diaspora, why most emigrants among other destinations end up in SA, some statistics on the remittances as well as the general impact on these had on the receiving community.

#### **1.1.2 The Rise of the Diaspora**

The Zimbabwean crisis went through a number of phases which were characterized by political instability, deteriorating economy resulting in social instability in the country. The crisis is complex in nature because it connects political development, economic as well as social development which are the main three pillars of development in general, this had negative effects resulting in poor development potential of the country. Since independence the waves of migration were slowly growing both in frequency and in the magnitude of numbers of emigrants. There have been different phases of massive emigration from Zimbabwe and these include the late 1980s which saw the economy struggling and forced the government to adopt the SAPS in the early 1990s under the advice of the World Bank and the IMF. The failure of these economic policies to resuscitate the economy alongside reoccurring droughts caused untold suffering among local people leaving more than 35% households surviving below the poverty datum line and about 5 million people food insecure. This caused those who were capable to leave the country to neighbouring countries as a survival strategy to resist the shocks brought about by the new policies like the loss of employment due to retrenchment. Chiredzi was hard hit by this problem because the only form of formal employment was from government and the solo sugar industry in the southern region of the country and the alternative was to use the only open window opportunity which was migrating.

In the late 1990s there was also another economic crisis that put pressure on those left behind forcing them to look for better alternatives like following those who had already left the country. The beginning of the new millennium saw another force which was political instability joining hands with economic crisis to drive people out of the country. From the year 2000 onwards the country's economy encountered an abrupt decline up to the present date and the kick start of this crisis can be attributed to a number of factors which include the massive pay out of 50 000 war veterans in the late 1990s, the unbudgeted deployment of the ZNA to DRC to support the Kabila regime and the fast track land reform program among others.

The people who have been thriving to survive were left food insecure, unemployed and facing a number of socioeconomic problems due to the hyperinflation, household economic security was highly affected by this economic meltdown and this acted as the major pushing factor during the early 2000s spearheading the beginning of a large scale outflow of emigrants. Out of about 11 620 Zimbabweans believed to have left the Country between 2002 and 2005 about 6 256 found their destinations in Africa and 3 758 in Europe, those who found their destination in the nearby South Africa during this same period is said to be 3 911. With about 1 741 emigrants leaving for South Africa in 2002 and 1 502 in 2005 (IOM 2009).

The shrinking economy saw an estimate of reduction in formal employment from about 1.4 million in 1998 to 998 000 workforce by 2004 as noted by Eppel (2009), and this gave rise to the overdependence on the informal sector. The informal sector involved the cross border trading which is part of the main contributors to diaspora reliance because most cross border traders would end up staying abroad especially when business at home was dwindling. During that period again the informal sector as well as accommodation were disturbed by the government operation restore order (operation Murambatsvina) of 2005 which was said to be aimed at removing the chaos brought by the scattered illegal vending and housing structures. This left a lot of people desperate with the UN special envoy estimating about 700 000 people losing either a home or a source of livelihood again this resulted in another wave of Zimbabweans leaving the country with hope to make a living from outside. These forces contributed immensely to the departure of an estimated number of about 3 million Zimbabweans during the period between the year 2000 and 2005 giving a sharp rise in the diaspora dependency. Polzer (2010) states that Zimbabwean economic emigrants dominated the migration map from 2006 and were ever increasing since then.

The socioeconomic hardships continued to hound the general public and the nation as a whole, by 2008 these were combined with political violence that was spread across the country ahead of the 2008 elections. This political crisis initiated another phase of massive emigration from Zimbabwe, creating a large number of political refugees within a very short period of time. According to Mlambo (2013) during these different phases of the Zimbabwean crisis population displacements were always part of the end results at each phase of each political economic crisis. A pilot survey report for Zimbabwe diaspora forum by Makina showed that the number of migrants from the year 1980s up to 1999 was only 8% of the total migrants by 2007 and the period from the year 2000 up to 2007 the number rose up to 92% Makina (2007). It is believed that during the 2007/2008 era Zimbabwe experienced the lowest economic performance with inflation at 231 million, unemployment rate rising up to more than 80%, population surviving below the poverty datum line increasing to 83%, life expectancy falling to 34, while access to municipal services like water and electricity was brought to almost stand still Jager and Musuva (2016). All that meant increased desperation among the Zimbabwean people and it forced about 1,2 million people to leave the country for SA contributing to the total of about 3 million Zimbabweans living in SA which is almost a quarter of the total population of Zimbabwe Jager and Musuva (2016)

Emigration trends showed that the migration rates seemed to have stabilized during government of national unity which ran the country from 2009 to 2013 and the economy improved a little bit which gave people hope and discouraged migration by that period. This period experienced very low numbers of emigrants from Zimbabwe, this was maybe due to the adoption of the multi-currency system which saw the adoption of the USA, SA Rand and the Pula among other currencies as legal tenders in the country. It gave power to the contribution of remittances and the diaspora as a whole since foreign currency gained from the diaspora would be freely used locally. After the 2013 harmonized elections up-to-date the economy again started to slowly depreciate and people started to feel the discomfort of their country and people slowly migrate for a number of reasons but mainly economic reasons.

Zimbabwean migration history have shown that a lot of economic as well as political refugees were created in the past decade causing a much more dependency in diaspora. There is a very small number of returning migrants as compared to the number of emigrants and the different phases of migration shows a steady rise of diaspora ever since independence. These complex problems and

phases of migration did not leave the small town of Chiredzi and pushing factors mainly forced people to migrate and Hanned the diaspora looking for better opportunities to support their families back home.

### **1.1.3 South Africa as a Prime Destination for People from Chiredzi**

South Africa have proven to be the most preferred destination for a number of Zimbabwean migrants as compared to other destinations in the region and abroad, this can be attributed to a number of reasons were the full factors in SA plays a very important role of attracting migrants. In the case of Chiredzi SA have been a prime destination because the region is located near the border post, the border post have been porous, long history of migration to SA, the hosting nation have a better economy in the region, the friendly SA government response and sociocultural affinities.

The geographical location of Chiredzi town have caused most migrants from the area to end up in SA or Mozambique but SA receives more people from Zimbabwe or specifically from Chiredzi as compared to the later country. The small town is situated in the south eastern region of the country which places it near the border lines between Zimbabwe and Mozambique as well as SA. Due to this shorter distance people migrate to a place they a capable of reaching their intended destination, shorter distances also means less travelling costs. For migrants that come from this sugar industry town the cheapest destination outside Zimbabwe is SA as compared to other countries surrounding the country including Mozambique, Botswana and Zambia. It is even cheaper for one to travel from Chiredzi to the SA border post than to travel to the major cities of Zimbabwe like Harare therefore SA becomes a nearer and hopeful destination for most migrants. This is even supported by the neoclassical equilibrium theorists like Skeldon (1997) who argues that there are a number of non-economic factors that influences migration patterns like distance and population densities between the sending and receiving communities. This therefore shows the influence of geographical distance and explains why more migrants from Chiredzi end up in SA.

There have been a long standing history of migration to SA in Chiredzi and this have resulted in creating links for safe arrival in the foreign country. The long history of migration to SA from Chiredzi which dates back to precolonial period has increased the links between migrants who have already established in the receiving SA and those back home. These networks have

encouraged more Zimbabweans from Chiredzi to find their way to SA since they have some guarantee of better and safe start off in the foreign land while in the comfort of their relatives and friends already there. Migration theorists have called this chain migration or network migration since migration will be mainly facilitated by networks between migrants and those back home, new migrants are lured by those already in SA. According to Maphosa (2005) network connections can act as social links that attracts people to gain access to employment abroad. This is true in the case of Chiredzi since most migrants recently have to depart for SA after making contacts with those already there to avoid desperation upon arrival especially given the picture of social insecurities in SA due to violence.

Another reason behind the targeting of SA as a prime destination for Chiredzi people is the porous nature of the Beit bridge border post which allows undocumented migrants to cross to the other side of Limpopo River. The Lowveld region have no registry offices that issues passports and the nearest is at provincial level in Masvingo, this means one have to at least travel to Masvingo to get the document that allows legal migration and the catchment of the provincial office is too large that operations there are less convenient. Due to these difficulties in acquiring documentation for people in Chiredzi illegal migration have been dominant and the easiest point to leave the country without documentation seems to be Beit Bridge border post. Most migrants without documentation make it through the border while others used dangerous routes like across the Limpopo River and the closed Sango border post.

The main factor behind Zimbabweans choosing SA is the existence of a stable economy which gives hope for better standards of living acting as one of the pulling factors to migrants in the region. There is also reasonable availability of employment in the country as compared to other countries in the region and the country has proven to be the economic powerhouse of the SADC region backing the value of the SA Rand to be stronger than most currencies in the region. It is this economic muscle of SA in the region that had lured most economic migrants from Chiredzi and the Southern region as a whole. Another major reason for the economically active population from Chiredzi is that there is high unemployment rate in the small town because of the low industrialization and development levels in general. There are a few companies let alone industries the main employer there is Tongaat a sugar processing industry which employs about 70% of those in formal employment, it employs about 8 000 people out of an economically active population of

about 19 912 ZIMSTATS (2013). With the low or no hope of getting jobs locally the economically active population is lured by the picture that SA has abundant availability of employment thereby most migrants from Chiredzi find SA as their prime destination.

The South African government response also contributed to more Zimbabweans choosing SA as their prime destination in the past decade as compared to other nearby countries. SA's foreign policy towards Zimbabwe which was quiet diplomacy made it the most preferred receiving country since it avoided policies that would block Zimbabweans influx. Baumann (2010) quoted in Jager and Musuva (2016) is of the view that SA have had economic interests in Zimbabwe and SADC region as a whole since it contributes a lot to their economy and that has made it to consider less criticism to other regional governments in terms of migration crisis. Due to this accommodative external response different types of migrants including economic refugees, political refugees, humanitarian migrants as well as traders have considered SA as a better destination to find refuge. Chiredzi people interested in migrating also could not resist such luring factors in the country with the nearest border post to an extent that almost 95% emigrants from Chiredzi end up in SA. However when the crisis reached its peak stage and there was a limited but negative response from the SA government because the immigration levels were reaching the ceiling while there was no formal documentation of the numbers entering the country due to large numbers of undocumented migrants. Deportation of undocumented Zimbabweans was one response by the SA government were about 700 000 Zimbabweans are believed to have been send back home between 2004 and 2009 Jager and Musuva (2016). The deportation did not work because the returning numbers even increased daily as the situation back home got worse.

#### **1.1.4 An overview of remittances trends and volumes into Zimbabwe**

During the early phases of mass emigration from Zimbabwe remittances were low but kept on increasing up to date although the flows had been fluctuating and it has been difficult to trace the exact amounts transferred back home due to transfer through informal channels. A lot of money transfers have proven that quite a number of families have been surviving on diaspora remittances as their main source of income, by 2001 the estimates of remittances were believed to be revolving around \$200 000 Makina (2010). Between the period of year 2002 and year 2006 cash transfers to Zimbabwe are believed to have increased to an average of about \$300 million per year and the individual remittances average was ranging from \$100 to \$1000 The Zimbabwean (10/4/2016).

The RBZ managed to record \$46.3 million remittances received formally by year end 2004 and there was an increase with about 69% to US\$78.5 million in 2008. IFAD on the other hand reported that in 2006 alone \$361 million was received from the diaspora which amount to about 7.2% of the national GDP of 2006. Makina (2010) stated that the RBZ recorded that about \$5.2 million was received in the country as remittances and in 2007 the amount had increased to about \$23.9 million. By the year 2009 due to the continued emigration the amount of cash remittances also rose to nearly \$198.2 million New Zimbabwe (30/01/2011) which was almost a third of the GDP by end of that year.

The RBZ also reported that every year remittances send home by Zimbabweans abroad kept on increasing to an extend that in the year 2010 an amount of \$263.3 million was received through formal channels New Zimbabwe (30/01/2011). The reason behind such an increase is also believed to be that restored confidence in the institutions that offer formal channels of money transfers like banks. PASSOP (2011) reported that circulating with the average of 1.5-2 million Zimbabweans believed to be in South Africa an estimate of ZAR 5.1-6.8 billion (\$700-850 million) was remitted to Zimbabwe in 2011. The Herald of 15/07/2014 reported that the RBZ had published that in 2012 remittances including those of organization amounted to 2.1 billion of which \$655 million were individual remittances. The following year 2013 recorded \$1.8 Billion of which \$764 million was for individual remittances showing an ever increasing number of remittances back home. The number of remittances by 2014 however decreased from that of 2013, according to the Finance Ministry \$540 million was recorded in November 2014. Although there was a drop in remittances flows it managed to shoot again with 97% the following year recording \$966 million in 2015 and it managed to surpass the contribution of Foreign Direct Investment (FDI) and become the second foreign exchange inflow after exports. However the problem with these amounts and statistics is that they only record remittances that come through formal channels while remittances send through informal channels may also contribute as much, thus it is difficult to come up with accurate remittances statistics as was also observed by Makina (2007).

A study by Backing and Sachikonye (2007) discovered that almost 24.7% of formal remitters are from UK and 22.7% are from SA, proving that SA is the second contributor to the Zimbabwean Economy through remittances. Most researches have shown that the amount of individual remittances vary with time, destination, social responsibility back home as well as individual



attitudes of migrants towards sending back home. Gracious (2011) discovered that the average amount that households may receive from SA is between R500 and R1000 per month however an observation was also made that the value of remittances received in form of goods might be difficult to include yet goods are sometimes preferred most with cash as a supplement. Tevera and Chikanda (2009) on the other hand states that on average migrants send R2 759 per year pointing out that various factors like age and marital status also contribute to amounts send home, about 61% of households among recipients of remittances receive money at least once per month while 25% receive once or twice every three months and 7% receive once or twice per year.

### **1.1.5 The general impact of remittances on the receiving community**

Remittances have been flowing back into Zimbabwe in many currencies from a number of countries in the world for a long period of time since the dominance and overdependence on diaspora in the last decade. The remittances volumes vary from year to year as statistics have shown that different monetary volumes are recorded periodically due to a number of complex reasons. Remittances also made striking contribution to both macro and micro economy in Zimbabwe but its impact is mainly realized at individual level since most remittances are directly send home for personal use while avoiding the formal channels that helps national economic development. The diaspora was adopted as a survival strategy then during the time of crisis in Zimbabwe and it kept on getting prominence that it became a long term livelihood strategy since people had lost hope in the economic recovery of the country. Remittances have been used to acquire property, to guarantee food security, reduce poverty and raise standards of living in general.

The economic crisis resulted in a number of economic and social hardships mainly due to the decline in the performance of the formal sector, some Zimbabweans responded by surviving on the informal sector while some left the country to try and revive their social as well as economic security. The crisis resulted in the closure of a number of companies and that resulted in a considerable number of Zimbabweans losing their jobs and unemployment was rising at an alarming rate and is believed to have shoot above 80% in the past decade. This also affected many people who ended up failing to meet their day to day needs and left with no option except leaving the country to look for greener pastures which could act as temporary survival strategies at that moment. The loss of most household incomes also meant loss of livelihoods for a number of families which then decided to send some family members abroad to stabilize the situation by

securing another form of income from abroad. Stain (2003) noted that remittances have no strings attached to them like other forms of external aid and they reach intended beneficiaries usually low income households because of the absence of government interference. Maphosa (2007) on the other hand pointed out that remittances from SA constitute a greater proportion of income and have important positive effects on livelihoods for household as well as communities in the southern region of Zimbabwe.

Through increased numbers of families receiving extra income from outside the country there was a multiplier effect on both the macro economy of Zimbabwe and micro economy of Chiredzi in this case. The received income is ready to be disposed or used in exchange for goods and services in the local community, according to Savage and Harvey (2007) recipients of remittances may be important in recovering from a crisis since there might be sharing of the remittances in one way or another within and between communities increasing the impact beyond the immediate receiver. In Chiredzi remittances gave support to the crippling economy by creating demand for local goods and services by those receiving remittances since they had capital to spend. Some migrant workers would take advantage of the situation and invest home in a number of small businesses that would benefit the local people. Most recipients of remittances and return migrant are the ones who first opened import shops and markets that dominated the small town acting as the prime pillars of the local economy as well as providers of basic needs.

The liquidity crisis which have been experienced for a considerable period of time was also stabilized by the diaspora remittances to some extent during the last decade. Zimbabwe's economic crisis once recorded the world's highest inflation rate during the 2007/2008 crisis in November 2008 peaked at 89.7 Sextillion% and this resulted in the Zimbabwean dollar losing value and the currency being lost for good which forced the adoption of the multi-currency system. The most dominant currencies were the USD, SA Rand and the Botswana Pula among other currencies, the government have little ways of attracting the foreign currency into the country thus how remittances came as one of the main sources for cash to be available in the melting economy. In Chiredzi during the dominance of the multi-currency system the SA Rand was the most dominant in the micro economy because the cash was made available to the locals through remittances because of large numbers of migrants in SA diaspora. So remittances also played a very important

role to make sure that cash was available for circulation in the economy both in Chiredzi as well as in Zimbabwe as a whole.

Among these many ways that families benefit from remittances is improving food security which is one of the social development problems that crippled the local communities in the past decade due to both economic meltdown and recurring droughts. Food shortages usually affect the Lowveld regions most because the region is arid and falls in the natural farming region 5 which is not conducive for the growing of maize which is the staple food for Zimbabweans. When it comes to Chiredzi this results in pressure for the little available food among the Chiredzi rural and urban dwellers, migration to SA eased the food insecurity crisis by importation of food stuffs by locals. Maphosa (2007) is of the view that non cash remittances in form of foodstuffs benefited a number of families as back as 2003 when the country experienced serious shortage of basic commodities. During the 2008 crisis there was rampant importation of basic commodities for survival because receiving cash was no solution since there was nowhere to buy the food. The noncash remittances that dominated the scene during the peak of the Zimbabwean crisis included maize meal, sugar salt and cooking oil among others, these were imported by individuals for personal consumption as well as for business thereby causing trickledown positive effects of remittances since non migrant families would also survive indirectly. This shows the great impact of remittances since it helped in the access of other basic needs required for human survival and development, it is believed that the most important use of remittances is food security as indicated by about 98% of the remittances recipients.

Due to the socioeconomic crisis in Zimbabwe there was ever deteriorating standards of living mainly caused by lack of access to basic needs needed for one's better improvement. Remittances also played a very important role in equipping local people to have the ability to resist such shocks and to be able to spring back to better lives. Monetary as well as goods remittances managed to help people improve their levels wealth, some migrants would do that through savings accumulated, invested and send home for the better life of those back home. It also made people back home to be comfortable with their lives since remittances reduced the shortage of necessary goods for day to day living among households. Teylor et al (1996) discussed that migration strengthens sending communities' development since better living standards achieved rely on the

flow of money from the diaspora. Thus after receiving diaspora remittances recipients also enjoy improved personal development.

As part of personal development remittances also enhances acquiring of assets, assets are also a way of ensuring personal future life support in case anything happens to present source of income or livelihoods in general. Both movable and immovable assets were acquired through these remittances, they include vehicles, houses, domestic property, and shops among others. The past decade marked the era that most houses were built ever since independence as part of improving accommodation as well as provide accommodation for all. Most people in the diaspora were willing to provide better and improved modern accommodation like they observe abroad for their families back home so most of them participated in constructing houses through sending both material and money. After acquiring assets most of the families back home try to manipulate these assets acquired to gain extra income as a way of boosting their livelihoods for long term survival.

Remittances also play a very critical role in ensuring better access to education and the general improvement of children's welfare. As one of the main social responsibilities of parents, relative and friends to send children to school it is one of the primary use of remittances to pay for their children's school fees. According to Dube (2014) parents in the diaspora increase their economic ability to finances for their children's education through remittances that is how remittances also positively affect access to education. General welfare of children is also improved through remittances, this maybe through better provision for children's needs as well as in form of better access to health care. Maphosa's (2007) research also reviewed that the majority of families indicated that they mainly use remittances for school fees and health care with 78.8% approving their use of remittances for school fees and 65% indicating health care use.

## **1.2 Chapter Summary**

This chapter showed how Zimbabwe's political and economic crisis acted as push factors that forced people to leave the country and created much dependency on diaspora. The flows of money from the diaspora in the past decade so as to give a clear picture of the trends of remittances and to explain this behaviour of cash transfers was also important. It also display how diaspora was harnessed from being a survival strategy to become a permanent livelihood strategy in Chiredzi and Zimbabwe as a whole.



# CHAPTER TWO

## RAND DEVALUATION AND ITS IMPACT ON THE LIVELIHOODS OF THE RECEIVING COMMUNITY IN CHIREDZI.

### **2.1 Introduction**

This chapter is going to display the analysis of the impact that Rand devaluation had on the livelihoods of those depending on remittances from SA. The Analysis is based on the conceptual as well as theoretical frameworks provided in the first part of the research. More focus will be on presenting, interpreting and discussing the empirical findings of the study. The chapter begins by explaining the devaluation of the Rand, the causes, the effects on the receiving community of Chiredzi. General impact on the flow of remittances between South Africa and Chiredzi will also be explored.

#### **2.1.1 Explaining the devaluation of the rand**

SA have proven to be the economic powerhouse of the region backing the value of the SA Rand to be stable. The SA Rand have been one of the currencies with the strongest values ranking in the top ten of strongest currencies in Africa but its depreciation in the past few years have been causing the currency to lose its strength against other African currencies, the situation is worse against the USD which is one of the strongest currencies in the world. The value of a currency is directly linked to the performance of its economy and when it comes to SA the problems facing its local economy in recent years have resulted in currency devaluation. The Rand has been steadily weakening in the past 6 years but as of 2014 to 2016 the rate of devaluation of the currency was rapid and it reached its climax with the currency losing its value with more than 30% in 2 years.

The devaluation of the Rand can be attributed to a number of both internal and external factors that contributed to the depreciation of the currency. SA's local economy is facing internal challenges that include the poor performance in the main sector of the economy like the Mining industry and the energy sector. The mining sector of SA experienced some labour unrests resulting in a series of strikes in the recent past and this led to the underperformance of the SA economy since there was reduction in output and reduction in revenue generated yet mining is the main source of revenue for the economy. It was estimated that a 5 months long strike in the platinum mining sector in 2014 costed companies about £1, 5 billion in revenue and workers about £580

million in wages UK Foreign and Commonwealth Office (2015) of which this cannot be a coincidence with the sharp fall of the rand in the same year. The mining sector contribute about 8% directly and 17% indirectly to the GDP yet in the recent past its output continued falling. The energy sector again have its own share of contribution to the poor performance of the economy, Eskom which is the main energy provider in SA have also experienced a number of challenges which include poor maintenance of power stations resulting in poor distribution of energy and that have affected heavy industries which further affects export potential. SA is an export dependent country so reduction in exports also affects its economic performance thereby resulting in devaluation of the Rand. Fin 24 (24/08/2015) also highlighted that energy shortage, a struggling manufacturing economy and the visa regulation debacle are among internal problems contributing to Rand devaluation.

Political instability and governance problems are also part of the internal problems that contributed towards the devaluation of the Rand. These 2 problems are believed to have reduced investor confidence which also resulted in reduced investment in the economy during the last few years. Again Bhoola (2016) on her analysis why the Rand keeps falling discovered that political instability as well as economic underperformance reduce investor confidence especially FDI. Recently the Rand have been under pressure since the reshuffling of the finance ministry in SA and the allegations that the finance minister Pravin Gordhan in 2007 opened a rouge investigation unit at the South African Reserve Bank. The Johannesburg Stock Exchange reported this year that foreign investors sold SA stocks worth net R2.9 billion SABC News (29/08/2016).

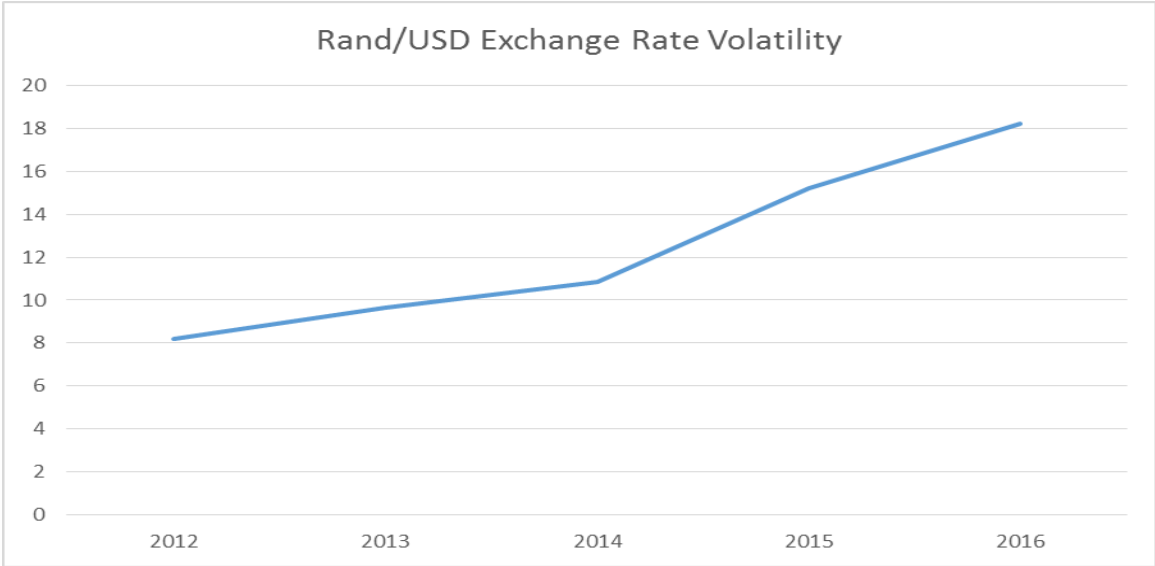
The demand for goods and services from a country determines the export potential and can increase foreign exchange inflows into the country's economy thereby increasing the growth national income that backs a country's currency. In the case of SA there was a decreased in the demand of goods and services outside SA, Bhoola (2016) pointed out that the currency devaluation may be due to extra demand for foreign currency where there is need for more foreign currency than a country is getting from its exports.

China had a knock on effect on the underperformance of SA economy and on the devaluation of the Rand, this is mainly because China is the major trading partner of SA which means that the performance of these two countries' economies are directly linked. In a bid to boost their export competitiveness the People's Bank of China devalued the Yuan with 2% in 2015 and this resulted

in the reduction in economic growth of China. The effects were felt inside and outside China, the emerging markets especially countries from Africa and directly linked to China through trading were mostly affected. According to Bhoola (2016) the SA Rand lost devaluated with 26% of its value 6 months after the Chinese economic turmoil affected Chinese markets in June 2015, the slow economic growth in China negatively affected the demand for South African exports to China resulting in further devaluation of the Rand. BBC (24/08/2015) reported that the SA economy failed to raise its growth rate above 2% in the previous year, this showed how the struggling economy of SA was affected by the Chinese decreasing economic growth.

**2.1.2 The rand/USD exchange rate volatility**

The exchange rates between SA rand and other currencies have been fluctuating in the recent past due to the reduction in the economic growth rate of the country. The situation is worse between the Rand and USD, the Rand/US real exchange rate has been quite volatile from 2009 up to date and to the disadvantage of the Rand. As at the beginning of 2011 the Rand was being exchanged at R7.26/USD, R8.20 in 2012, R9.64/USD in 2013, R10.85/USD in 2014, R15.20/USD in 2015 and revolving around R18/USD in 2016 (Forecast-chart 2016). According to Quarts Africa (2016) reduction for demand on services and goods of SA, poor economic growth and national income of its Trading partners, have contributed to the depreciation in the value of SA Rand. Fig 1 below shows the volatile nature of Rand/USD exchange rate between 2012 and 2016.



**Fig.1 Rand/USD exchange rate volatility in the past 4 years**

**Source: Forecast Chart (2016)**



The visual graph above shows that the Rand/USD real exchange rate has been quite volatile from 2009 up to 2016 and is still fluctuating. It can be observed that the exchange rate was a little bit stable by 2012 steadily rising but 2014 marked the beginning of rapid fluctuations in the exchange rates. Rand/US real exchange rate rapid seasonal fluctuations were also witnessed as of 2014 up to 2016. The rise in the real exchange rates fluctuation marking a sharp decrease in the value of the Rand against the USD can be observed from the first quarter of 2014. The graph shows that the Rand have been fast losing its value against the USD as of 2014 up to date and its one of the major aims of this research to show how the devaluation have been happening. The longitudinal research design employed can best be seen in the visual graph above since it is easy to compare the series of exchange rates fluctuation before the sharp fall of the rand and exchange rates after the sharp fall.

Data collected from informal foreign exchange market showed that the Rand/USD exchange rate was more volatile on the black market than on the formal markets. All the informal foreign currency dealers confirmed that the exchange rates have been fluctuating on a downwards trend on the side of the rand in the past 5 years, 7 of them indicated that it had a negative impact on their business since it resulted in low foreign exchange rate activities as compared to previous years of 2010 going backwards. They also noted that rand devaluation had a negative impact to local people because some of their regular clients reduced the amounts rand exchanged as well as the frequency of conducting money exchange while some even stopped doing business with them. The data collected from these informal money changers showed late 2015 and early 2016 as the points the rand hit its lowest value.

### **2.1.3 The impact of rand devaluation on the livelihoods of the receiving community of Chiredzi**

#### **2.1.3.1 Effects on Household Income**

As observed in chapter one remittances have been a source of income for a number of families with relatives and friends in SA. It have been both as the main source of income due to high unemployment in the country as well as a supplementary income in some instances for those with other sources of income locally. Now for recipients of remittances from SA the potential of their income have been reduced due to the devaluation of the Rand. Household incomes have been

reduced both directly and indirectly, the money being sent by those abroad seems to have slightly reduced both in amount and the frequency of sending seems to have decreased. According to most recipients, about 95% of the respondents of this research experienced a change in the pattern of remittances they receive in terms of amount of money received and the frequency of receiving money as shown in table 1 and 2 below. Only a few respondents indicated that there was an increase in the frequency of money received pointing out that it was because the money received had lost value and inadequate when they change it to USD which is now locally used so they would demand more from abroad to increase the amount of USD to use for day to day living. Those who indicated that their remittances increased however noted that the increase cannot be noticed since even after raised income in Rand in USD there was no increase there was stagnant income or even decrease to an extent that income could not meet the expenditure. The Africa Report (04/02/2014) reported that Zimbabwean Diaspora remittances through formal channels were declining and it also pointed out that by end 2013 remittances had dropped by 15% to \$1.8 Billion.

On average families indicated that they used to receive more than R1 000 per month and at least more than R2 500 per year when the rand was still strong against the USD. However the devaluation of the Rand reduced their income to an average of about R700-R1000 per month and R2 000 per year. More than half of the sample population 24 out of the 40 households were under one theme of currently receiving between R700 and R1000 per month on average. This shows that 12.5% of the targeted population experienced a decreased in remittances which is further affected by the exchange rates mainly on the black market of which they pointed out that the R1000 per month used to convert to about USD\$140 but now their average monthly income can only convert to about USD\$ 70 resulting in a sharp decrease in USD income. Of the 40 families 8 which is 20% indicated that they experienced a decline in money received in the recent past, while only 3 respondents of the researched population noted an increase in money received from SA. 29 indicated no change in terms of amount received however they noted that there was change in the frequency of money received rather they felt the impact on delays in receiving money and exchange rates. This data on experiences on remittances patterns is presented on table 1 below. The current cash crisis that hit the country early this year was also noted by most recipients as a problem that added fuel to the burning devaluation problem since accessing that devalued Rand in the bank could be difficult sometimes.

**Table 1 Experiences on remittances patterns**

Experience	Number of Families	%
Increase in amount	3	7.5
Decrease in amount	8	20
No Change	29	72.5

**Source: interviews**

*“Money is send to us via Mukuru but we cannot access it easily, you are always told there is no cash to the extent that you can be frustrated and give up on your own money, sometimes you would prefer to receive money though informal channels like delivery vehicles and bus drivers despite the high risks.”* This statement quoted from one responded during an interview shows how people depending on the Rand have been exposed to a disadvantaged experience due to Rand devaluation combined with the cash crisis. The table 2 below shows the percentage of respondents and the amount they used to receive before the devaluation of Rand in 2014 while table 3 shows the percentage of respondents and the amount they receive after the devaluation of Rand in 2014 up to date.

**Table 2: Average Monthly Remittances before 2014 Rand devaluation**

Average Monthly Remittances Before 2014	% of Respondents
R200>	5%
R200-500	12.5%
R500-700	10%
R700-1 000	40%
R1 000-1 500	20%
R>1 500	12.5%

**Source: questionnaires**

**Table 3.1: Average Monthly Remittances from 2014 to date**

Average Monthly Remittances from 2014	% of Respondents
---------------------------------------	------------------

< R 200	5%
R200-500	7.5%
R500-700	7.5%
R700-1000	60%
R1 000-1500	12.5%
> R 1 500	7.5%

**Source: questionnaires**

How the monthly average household income per year for the forty households was calculated.

$$AIM = S \div NH$$

Were AIM= Average Income per Month for 40 households per year in Rand.

S= Sum of remittances for 40 households

NH =Number of Households

$$R43\,700 \div 40 = R1092.5$$

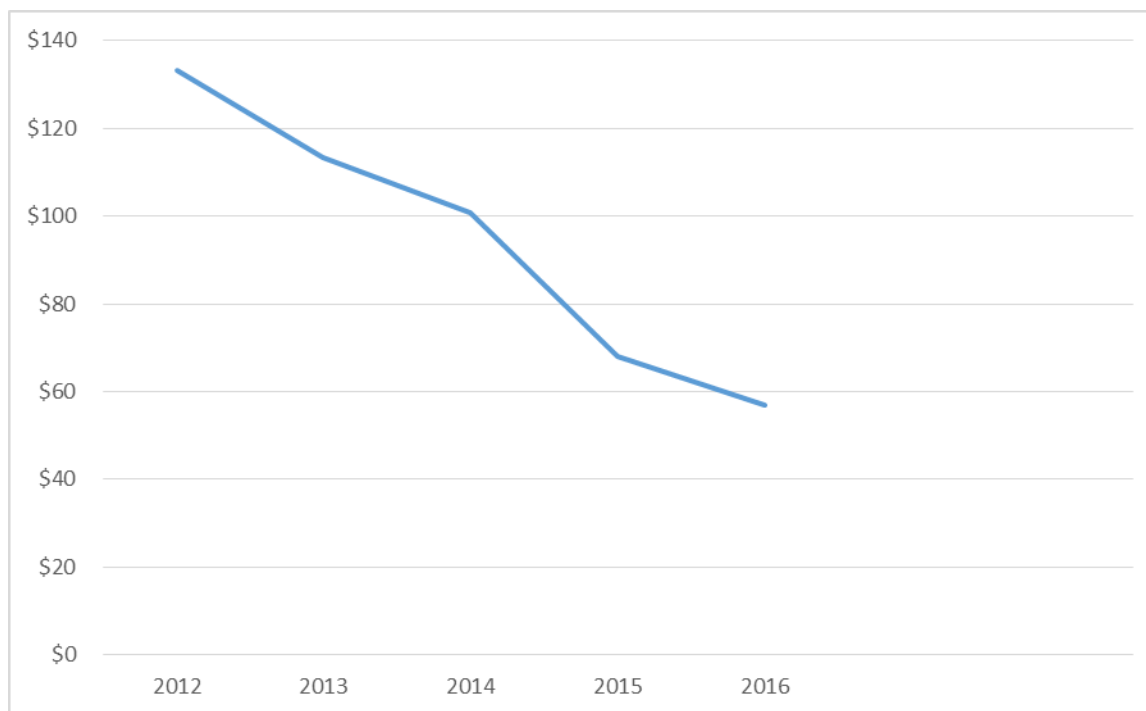
Average income per month in USD = AIM ÷ ER

Were AIM = Average Income per Month for 40 households per year in Rand.

ER= Exchange Rate

E.g the average income for 2012 =  $R1092.5 \div 9.20 = \text{USD } \$113.3$

**Performance of Monthly average household income in the past 5 years**



**Fig 2 Performance of Monthly average household income in the past 5 years**

**Source: questionnaires**

### **2.1.3.2 Effects on Food security**

The research reviewed that one of the main reasons for migrating to SA was to be able to put food on the table for the family back home since food insecurity proved to have tormented families for some time. The observation in the survey in five SADC countries by SAMP showed that 90% of households purchase food and other basic goods with remittance funds, this was also discovered in this research. Food shortages have been rampant due to erratic rains in the recent past and remittances have helped in equipping recipients with the ability to afford three meals a day as well as the ability to have a balanced diet. However according to most respondents since the devaluation of the Rand there have been changes in the habit of consuming food since they now have to focus on basic food stuffs and ignore the three meals a day and balanced diet principles. There were also views that most of the migrants in SA tried to send some basic food commodities so as to reduce money spend on food because back home the food is expensive and combined with negative exchange rates one would save less.

As observed by Maphosa (2005) remittances in form of goods addresses direct and immediate needs of the recipients. However this was reversed since the attempt to switch to importation of

basic commodities was however made impossible by the Zimbabwean government's restriction policies on the importation of basic goods like maize meal, cooking oil and dairy products among others. One such policy that almost all the targeted population referred to was the recent 2016 statutory instrument 64 which is on the restriction on the importation of basic goods deemed locally available. Some even went on to point out that due to the devaluation of the Rand they are back to the old days of using remittances only on hand to mouth for them to just be able to see the next day. Under the food security theme 75% of the participant in this research indicated that they used to receive remittances in form of goods alongside cash of which food was the most goods send to them but recently that have decreased and only 20% still receive food stuffs from abroad which have changed both in type and quantity. Thus the devaluation of the Rand destabilized the household food security as it reduced the total amount of money available for the household budget and resulted in reduced allocation of money for food. The research also unearthed one of the criticism of remittances that they are not a sustainable household income since money is mostly spend on consumption as observed by Ratha (2013).

*“We used to receive food items like cooking oil, rice, milk, eggs, Macaroni and even Sugar among others, we were food secure having three meals a day with a heavy breakfast to good supper. We would only receive money to buy essentials that are not worthy importing like mealie meal and meat but since the import regulations get tough and the rand devaluation my husband cannot send us groceries anymore, the money he send is not enough to buy enough food.”* This is a quotation from one interviewee expressing how they used to benefit in terms of food but that have reduced to receiving zero food items and now receiving cash remittances not adequate to ensure food security in the house hold.

### **2.1.3.3 Effects on acquiring and maintaining Assets**

Remittances have played a very critical role in the acquiring of assets by families, remittances as the main source of income for a number of households have been used to acquire both movable and immovable assets. Assets acquired includes buildings, vehicles, home properties as well as land among others, these assets also requires maintenances. The buying power of those who depend on remittance was also negatively affected by the devaluation of the SA rand thereby reducing the ability to buy and maintain assets. It was noted by the participants of this research that since the rapid devaluation and reduction of household income in 2014 they could not save and invest like they used to do before the depreciation of the rand. Reduced assets acquiring of

assets also had a negative impacts on household depending on remittances since it acted as a bridge from poverty during tough times and considered a financial safety net because they could liquidate assets during tough times.

Jacobsen et al (2013) are of the view that assets value and wealth in general are a measure of household's economic wellbeing, this was also observed in this research as most families indicated their will to improve their housing as well as have better and extra home properties like modern television sets. However their hope for that was fading due to the depreciation of the Rand, the restrictions and declaration rates at the Zimbabwean boarder with SA. Housing construction and buying of consumer goods is always part of the use of remittances Maphosa (2005) A number of remittances recipients constituting about 40% highlighted that their relatives abroad managed to acquire some properties in the diaspora but they cannot send them back home fearing to lose them after failure to declare because importation declaration charges by ZIMRA are almost three quarters of the price they would have bought their assets with. This leave them with no option except to just send remittances in monetary form only for survival since money send cannot be changed to USD to buy assets after devaluation. About 4 recipients expressed disappointment because they managed to purchase residential stands but are failing to build and finish even a few rooms to accommodate them while still under construction so as to avoid high rentals. This therefore shows that rand devaluation affected the principle of savings and investment important for development since it resulted in families realizing little or no surplus at all of which that is the most determinant factor in acquiring assets.

One of the recipients indicated that they had to stop the construction of their house since last year due to financial challenges and the main cause was reduced income caused by rand devaluation.

*“We are currently constructing our house which is at window level at Makondo extension New stands there but since mid-last year up to now we cannot afford any construction because we have two daughters in Form 3 at Gokomere so that is our priority for now, when we have a little extra we buy materials that we will use when things stabilize, hopefully in the near future but not now things are tough”.*

#### **2.1.3.4 Effects on Children's welfare**

Another impact that remittances had was the ability of parents' ability to give their children better welfare in terms of education, clothing and other children's special needs. Some of the respondents

said that they were able to send their children to those so called “A” schools locally like Chiredzi Government Primary and Hippo Primary surrounding boarding schools but the devaluation is now making it difficult. They pointed out that the money they used to exchange to pay school fees for their children now is not enough since cash remittances have not been increasing to fill in the gap opened by the negative exchange rate. Respondents said they are now finding it difficult to provide adequate clothing and other special needs for their children since they have to prioritize other things first like just making sure they can make it to school and leave other luxuries alone.

#### **2.1.3.5 Effects on access to Health Care**

According to most recipients of remittances interviewed when the Rand was stable after receiving remittances people could remain with some surplus that could be used on emergencies or when need arises. However since the rand began devaluating this has not been the case since there is no money left for contingency purposes. When medical attention is needed in the case that one family member falls sick they cannot go to private hospitals because their income from remittances do not allow that they are expensive and they claim that the cheap public hospitals are not equipped. Some even reviewed that they now opt to go to SA to access better health care since medical care locally available is expensive and substandard. Therefore it is clear that rand devaluation had a negative impact on the access to health care by those supported by migrants in diaspora through remittances reducing the positive impact also observed by Ratha (2013) that remittances income have significant positive health outcomes especially for children.

#### **2.1.3.6 Impact on other sources of livelihoods**

Remittances have been used to support other sources of livelihoods like buying and selling of goods and importation of goods for resell. Some participants showed that they had to make use of the remittances they receive and diversify to other sources of livelihoods like retail. They did this through using the cash remittances received as start-up capital to start businesses as well as boost capital to revive failing business but now it is even difficult to even meet day to day needs let alone money to inject into business. Some also stated that they used to receive some remittances inform of goods to sell home as extra remittance and that would increase their income, they used to receive goods such as empty buckets, second hand electric gadgets and cloths among other things. This is however no longer the situation since those abroad no longer afford to send extra money for business or send extra goods to sell in fear of importation restrictions.



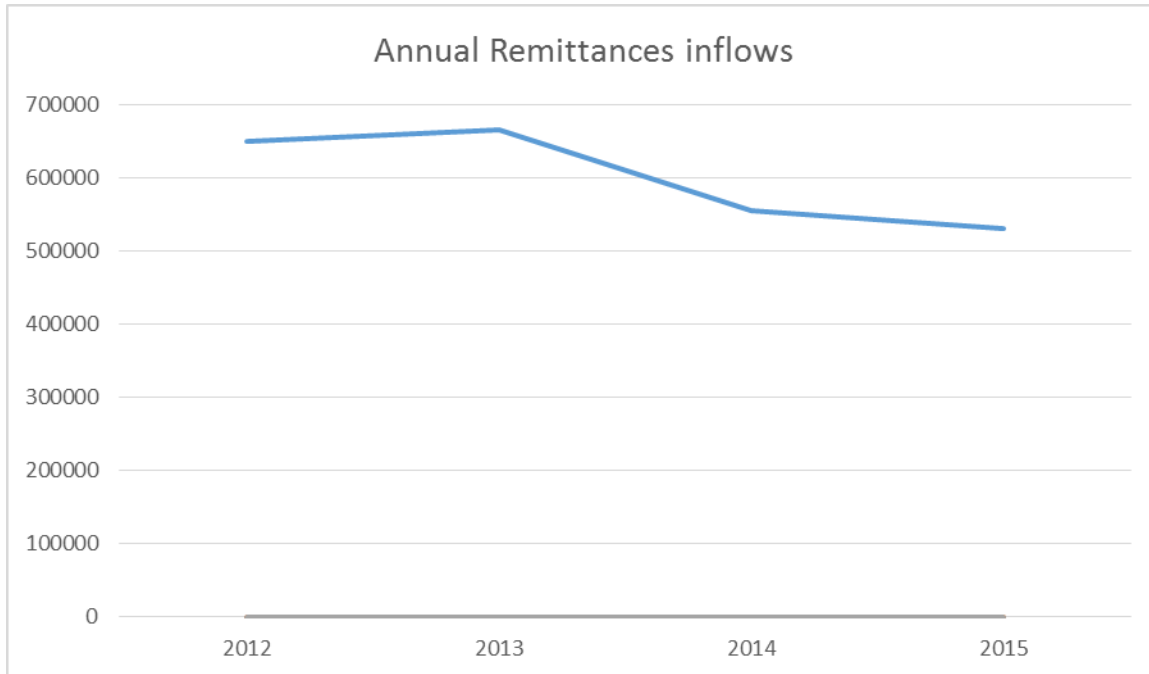
#### **2.1.4 The pattern of remittances into Chiredzi through formal channels.**

Data collected from Mukuru.com agencies as formal money transfer channels to Chiredzi reviewed that cash remittances have been unstable in the past 4 years. The behaviour of remittances seems to have been following the performance of the rand against the USD in some instances, however it shows that there have been little change in amounts of money send back home. The information provided also showed that there have been an increase in the use of these formal channels to transfer money back home in the recent past maybe due to gained confidence among both the recipients and the migrants in the diaspora. According to the bank officials the main reason why the facilities have been gaining momentum was that of less risk during transactions as compared to informal channels. The formal channels have a problem in measuring money since illegal migrants are not able to use the formal channels which is a problem because there are large numbers of these illegal migrants in SA and their contribution is unrecorded.

The formal facilities have been there for quite some time as back as 2005 home link facility established by the RBZ for those in the diaspora but it did not gain popularity as much as that gained by the recent formal facilities due to lack of confidence in the institution since it was state owned. Now the recent formal money transfer facilities had gained popularity and there is considerable utilization by those in the diaspora. However SA diaspora is said to have adopted it slowly as compared to other destinations especially the far away countries. The key informant interviews with the CBZ and POSB bank officials reviewed that after gaining confidence and popularity with the SA diaspora the formal money transfers had increased three fold and SA being the top sender of remittances in terms of frequency and amounts collected in Chiredzi. The devaluation of the Rand had a negative impact on all the progress made in receiving money transfers from SA since it resulted in a constant but slight decrease in money transfer volumes. It can be noted however that sometimes the transfer volumes were too fluctuating to an extant of making it difficult to draw explanations to the remittances behaviour at one point very high at another very low.

The amount and volume of transfers into Chiredzi via formal channels would vary with time as well as exchange rates behaviour. It was observed in this research that there are more amount and volumes of money transfers during the early days and late days of month as compared to other days of the month. Data shows that before 2014 Chiredzi was receiving a considerable amount and volume of remittances but however ever since the devaluation of the rand transfer volumes

fluctuate increasing and decreasing unreliably. Though there was fluctuation the overall analysis shows that there was a slight decrease in the past 2 years characterised by rand devaluation. Rand devaluation played its considerable role in the decrease of the formal transfer volumes, there was also a comment by one of the bank managers that the cash crisis being experienced since the 2<sup>nd</sup> quarter of this year is playing its role in discouraging the use of formal channels in sending remittances. This can best be understood in the graph provided below.



**Fig 2.3 Monthly disbursed remittances flows per year**

**Source: interviews**

The graph shows that between 2012 and 2013 there was an increase in money received via formal bank channels the reason maybe being that people were still starting to embrace formal facility and trust the considerable stable economic environment back home. As from 2013 up to 2015 there was considerable constant slight decrease in the amounts disbursed by the bank agencies.

## **2.2 Chapter summary**

The chapter was aimed at presenting as well as analysing the data findings collected from the field. This was achieved through presenting data on the livelihoods before the rand devaluation against

the data after the rand devaluation. The analysis part was done using the conceptual framework and the theoretical framework as the main analysis tools. This was the main chapter to answer the research questions as well as meeting the research objectives through explaining the rand devaluation, the impact of rand devaluation on Chiredzi as well as displaying the trends of money transfers from SA to into Chiredzi.

# CHAPTER THREE

## **COPING STRATEGIES EMPLOYED BY THE CHIREDDZI COMMUNITY IN THE FACE OF RAND DEVALUATION**

### **3.1 Introduction**

After the assessment of the impact that rand devaluation had on the livelihoods of remittances recipients in Chiredzi the research went further to unearth how the community survived the situation they were experiencing. This chapter will then focus on exploring strategies used by the Chiredzi community affected by rand devaluation in trying to resist the impacts brought about to their livelihoods by the depreciating rand. A number of strategies will be discussed and analysed the extent of their success. These include changing from cash to goods remittances, diversifying livelihoods, changing the life style as well as liquidating some assets among others. There will also be an outline of recommendations made to the community, policy makers as well as private sector on how the impact of rand devaluation on remittances and how these can be utilized so as to realise household as well as national development.

#### **3.1.1 Coping Strategies in the face of the devaluing rand**

As a coping strategy the inhabitants of Chiredzi urban depending on remittances tried to change the priority on the type of remittances received from abroad. Since the rand/USD exchange rate had been volatile the respondents expressed loss of confidence in rand and in receiving it for local use. As the rand was losing value it was abandoned from being used in the multi-currency system. When the USD was adopted as the main currency to be used in the country in Chiredzi the rand prolonged its use as it was used it was cross rated but accepted then time came when it was rejected in circulation forcing one to first change it to USD before using it. It was then when the locals began to prioritize SA goods to cover the gap of unfavourable exchange rates. According to the

sampled group of people goods in SA are cheaper than here and they had to import basic food stuffs like rice, cooking oil, flour, sugar, milk, coffee among other goods.

Non-food items like clothing and home properties were also received instead of money to buy such goods locally because after the exchange rates the money could not afford as much goods as they could receive. This strategy was however short lived and was not a solution to the problems brought about by the devaluating rand due to a number of reasons as observed in the field research. Some of these reasons were that as the rand was devaluating the Zimbabwean government was increasing its importation restriction measures at the Beit Bridge border post through the immigration department and ZIMRA. At first there was restriction of miner goods like agricultural products which include eggs, potatoes, apples, tomatoes and meat among other things then this persisted until this year a legislation on these restriction was passed under the statutory instrument 64 of 2016. This really affected them because their survival strategy of reducing the amount of money to be spent on locally expensive goods was weakened and they had to switch back to receiving devalued currency not enough to support them.

Diversifying livelihoods was also another way of reducing the impacts of rand evaluation. Most of the interviewed recipients indicated that they are now involved in a number of businesses as a way of making ends meet. The devaluation to SA rand came in place when the local economy had shown some improvements as compared to the 2008 crisis era, however the improvement proved to be temporary since it is backed by the informal sector. After realizing the impacts of the Rand devaluation recipients decided to engage in the informal sector as a survival strategy. Some indicated that they would sacrifice cash remittances start-up capital to start small businesses, they would go to SA and straggle to import some goods to sell while some would just contact their business locally. This was done so as to use the proceeds to meet the day to day needs as they wait for the delayed remittances and to supplement the inadequate cash remittances they were now receiving due to Rand devaluation.

A number small businesses were indicated and most of them are buying and selling, running tuck-shops, flea markets and backdoor retail proved to be a fashion among these respondents. The strategy is successful to some extent because most of the research participants indicated that even there is not much profit realized they get little for survival and the business keeps money circulating with little dividends realized and consumable almost daily. A lot of challenges have

been faced in diversifying livelihoods due to the unfavourable economic environment and a narrow diverse limiting people to only engage in buying and selling. It is also important to note that even after realizing loss and business failure they always come back to business because they have no option and waiting for remittances from abroad now cannot help much. A total of 23 family respondents indicated that they have engaged in some kind of business for survival in response to the depreciating Rand. Out of these 23 about 9 have tried to engage in cross border trading since last year but only 4 are still operating.

As coping strategies some recipients had to change their life style so that they can now live a kind of life they can afford and putting important priorities first. Due to the decreasing value of the Rand remittances most families had to change the way they are living to meet the low income. In doing that they had to reduce their household expenditure giving the first priority to necessities and abandoning luxuries. According to 6 of the interviewees said they had to reduce the number of rooms they use as a way of reducing money spend on rentals, 11 had to reduce their eating habits some to even twice a day while 4 families had to change their children's schools to cheaper schools once they went to Advanced Level. This seemed to be the one strategy employed by every recipient since it is pushed by circumstances and proved to be a better survival strategy in terms of meeting its targeted goal of reducing house expenditure.

*“My children were used to receiving clothes from SA time and again but not anymore, now they only receive them during Christmas time otherwise we might starve...”* said one of the recipients of remittances proving changing of priorities to food for survival.

Five other participants in the research mentioned liquidation of assets as a survival strategy during the tough times brought by the devaluating rand. During the times of hardships assets are sold to acquire hard cash so as to meet the immediate needs at that moment. In the case of the Chiredzi community benefiting from remittances the research reviewed that respondents would sell assets mostly home property to meet daily needs like food, pay rentals, school fees and medical care at some level. Some would point out that they would sell their livestock in the rural areas which they acquired before for them to survive the urban life. One narrated how she sold her home theatre to pay rent sometime in late 2015, the other one how she had to sell some properties to pay rent and reduce the number of rooms used, another child explained how he have headed the family while the parents are in SA and how the parents sold their cattle in the village to meet his and his sisters'

school fees before they went back to SA in January 2016. This is in line with the theoretical belief that assets are life insurance in times of need. These assets have helped the families who could no longer meet their expenditure due to increased expenses against decreased income as the Rand depreciate.

### **3.2 Chapter Summary**

The coping strategies adopted by the Chiredzi community on the face of the devaluating rand have proven to be short term and only for survival during tough times and are facing a number of their own challenges in Zimbabwe hindering their potential to help the struggling community. However the strategies have helped a number of people to meet their daily miner living expenses and reduce the dependency syndrome of depending on sole income from abroad.

# CONCLUSION

The qualitative as well as quantitative research techniques employed in this research have shown that diaspora remittances have played a very critical role in the economic crisis of Zimbabwe, acting as both a survival strategy and as a permanent livelihood to a number of families. The quantitative research which was used to mainly collect and analyse econometric data was able to unearth the money transfers patterns that have been there between SA and the receiving community of Chiredzi which have proved to be highly fluctuating in the recent past. However it can be concluded from the data presented in chapter two that despite the fluctuations there were slight changes in terms of the amounts sent from SA.

The qualitative research also allowed the collection of qualitative narratives from the respondents showing their past as well as present experiences on the face of devaluing rand again which was useful in using a longitudinal research design based on comparing events from a long period of time. Qualitative evidence showed that recipient families really experienced a negative change of their livelihoods due to the devaluation of the SA rand which is a main source of income to a number of families in Chiredzi. The main negative impact of rand depreciation on the receiving community being the volatile exchange rate between the SA Rand and the USD which is to the disadvantage of the rand. Rand depreciation did not mainly affect the change in the flow of money from SA but the exchange rates resulting in reduced incomes when converted to USD which is now the currency used locally.

The existing literature on migration and development in Zimbabwe have generally focused on the impacts of migration on the social development of local communities depending on remittances. Some considerable research have also been done to explore the economic contribution of remittances to the national economy however little have been done to assess the challenges that the diaspora is facing to realise its full potential contribution to national as well as household economy. It can also be noted that the Zimbabwean diaspora have gone under a number of phases but the beginning of the 21st century marked the rapid rise of Zimbabwean diaspora with most Zimbabweans migrating to countries nearby and some finding their destinations beyond Africa. The research also shown that the main reasons behind the rise of diaspora in Zimbabwe and

Chiredzi are purely economic and political with unemployment and political instability as the main push factors. However SA is believed to be hosting most Zimbabweans and this research showed that most remittances received in Chiredzi are from SA. SA has proven to be the prime destination for most migrants hosting about three quarters of those living abroad because of its better economy acting as the major pull factor attracting economic refugees in search of better employment opportunities.

The SA economy have faced a number of challenges that have caused Rand devaluation of which the consequences of this currency depreciation have extended beyond the SA borders to Zimbabwe and Chiredzi also felt the shock. The economy have underperformed due to a number of factors which can be grouped into two, internal and external factors. Under internal factors there is political instability and poor industrial performance of the main sectors of the economy while the Yuan devaluation also had its impact of the rand devaluation as an external factor. This devaluation have affected Zimbabwean migrants in the diaspora and the impact have reached the recipients community back home as observed in chapter two of this study.

Livelihoods were negatively affected by this rand devaluation since it was discovered in the research that both cash and non-cash remittances have been negatively impacted by the rand depreciation. Cash remittances affected mainly by the exchange rate while goods remittances have been affected by restriction laws at the border posts. This have resulted in reduced food security, disturbed welfare of children, inadequate health care capacity as well as reduced general standard of living. Rand devaluation have affected remittances as a means of survival and as a main human entitlement for a number of families in Chiredzi. The gap that remittances have tried to fill is no longer being filled causing stagnant development involving social underdevelopment, reduced individual and family improvement as well as reduced standard of living.

The assessment of rand devaluation showed that the main impact on local people's livelihoods was on household income when converted to USD. To try and resist this effect it is recommended that families have to strengthen other local supplementary income channels rather than depend on one source of income. It is also advised that recipients of remittances use formal channels to receive money were they can access their money already in USD which is now locally used to reduce the risks met at informal foreign exchange markets which may sometimes further reduce their income. It is recommended that recipients of remittances use remittances in a positive way prioritising



savings and investment which can help in times like these when the direct income source is negatively affected.

It is therefore advisable for the government to engage the masses in the diaspora as well as the remittance receiving community and the academia to come up with better remittances channels and remittances laws that benefit both beneficiaries and the government without one side far outweighing the other with blame game restricting better development potential of remittances. On the side of the government and other authorities responsible for the control of remittances it is also recommended that they facilitate the adoption of the rand to be locally used as a legal tender alongside the USD so as to reduce the hustle of foreign exchange before use. It is also advised that the government improve the control of remittances flows into the country allowing the room for self-improvement for those receiving remittances. In times like these when a source of income for a number of families is facing it is important to protect the economy with these families in mind to the extent that legislation like SI 64 should give little room for goods remittances essential for human survival.

## **Bibliography**

Africa Check. (2013) How Many Zimbabweans Live in South Africa? The Numbers are Unreliable  
<https://africacheck.org/reports/how-many-zimbabweans-live-in-south-africa-the-numbers-are-unreliable/>

Africa Report (04/02/2014) Zimbabwe: Diaspora remittances in decline

Bhoola F (2016) Analysis: Why the Rand is falling. Mail Guardian

Bishop, A. (2013) Impact of SA Rand Depreciation <http://www.property24.com/articles/impact-of-sas-rand-depreciation/17229>

Bracking, S. and Sachikonye, L. (2010) Migrant Remittances and Household Wellbeing in Urban Zimbabwe, Oxford: Blackwell Publishing Ltd

Chambers, R. and Conway G. R. (1992) Sustainable Rural Livelihoods: Practical concepts for the 21st Century. Discussion paper 296. Brighton, U.K: Institute of Development Studies.

De Haas, H. (2005). International Migration, Remittances and Development: Myths and Facts.|| Third World Quarterly, Vol. 26, No. 8, pp. 1269-1284.

Dube, T. (2014) The socio-economic effects of cross-border migration on Zimbabwe's border lying communities - A case study of Beitbridge and Plumtree, International Journal of Development and Sustainability ISSN: 2168-8662 – [www.isdsnet.com/ijds](http://www.isdsnet.com/ijds) Volume 3 Number 1 (2014): Pages 89-107

Eppel, S. (2009). An Overview of the Circumstances of the 1987 Unity Accord in Comparison to those of the Global Political Agreement of 2008: Solidarity Peace Trust.

Hanekom, B. (2012) 'Strangling the Lifeline' PASSOP Report on Remittance flows from SA to Zimbabwe. Press Statement (10/04/2012)

Harris J. R. and Todaro M. P, 1970, Migration, Unemployment and Development: a two-sector analysis

<http://qz.com/596693/how-to-explain-why-the-south-african-rand-keeps-falling/>

<http://www.bbc.com/news/world-africa-34039265>

<http://www.bdlive.co.za/africa/africanbusiness/2016/02/04/nearly-half-of-foreign-inflows-into-zimbabwe-are-remittances>

<http://www.fin24.com/Markets/Currencies/5-reasons-why-the-rand-is-battling-20150824>

[http://www.newzimbabwe.com/news-28669-US\\$1.3b+Dispora+cash+kills+Zim+economy/news.asp](http://www.newzimbabwe.com/news-28669-US$1.3b+Dispora+cash+kills+Zim+economy/news.asp)

<http://www.newzimbabwe.com/news-4361-Diaspora+remittances+up+33+percent/news.aspx>

<http://www.property24.com/articles/impact-of-sas-rand-depreciation/17229>

<http://www.sabc.co.za/wps/portal/news/main/tag?tag=Nompumelelo%20Siziba>

<http://www.zimbabwesituation.com/news/zimsit-m-diaspora-remittances-can-spur-economy-the-herald/>

<http://www.zimcsoforum.org/index.php?module=Pagesetter&func=viewpub&tid=1&pid=40>

<https://www.dailynews.co.zw/articles/2015/12/20/diaspora-remittances-overtake-fdi>

<https://www.gov.uk/government/organisations/foreign-commonwealth-office/about>

Jacobsen, L. Et al (2013) Household Wealth and Financial Security in Appalachia. Prepared for the Appalachian Regional Commission.

Jager, N. and Musuva, C (2016) The influx of Zimbabweans into South Africa: a crisis of governance that spills over. Africa Review 8(1)

Jennissen, R. (2007) Causality Chains in the International Migration Systems Approach. Population Research and Policy Review Vol. 26, No.4 pp. 411-436

Lucas, R. E.B. and Stark, O. (1985). "Motivations to remit: Evidence from Botswana." Journal of Political Economy, Vol. 93, No. 5, pp. 901–918.

Lucia (2011) Theories of migration: Conceptual review and empirical testing in the context of the EU East- West flows, London: University College press

Makina, D. (2007) Zimbabwe Diaspora Forum Research Report

- Makina, D. (2010) The Potential Contribution of the Zimbabwe Diaspora to Economic Recovery, UNDP Working Paper No. 11 of 2010
- Mansoor, A. and Quillin, B. (2006). Migration and Remittances: Eastern Europe and the Former Soviet Union. Washington, D.C: The World Bank
- Maphosa, F. (2005) The Impact of Remittances from Zimbabweans Working in South Africa on Rural Livelihoods in the Southern districts of Zimbabwe, Johannesburg: UWR
- Maphosa, F. (2007), “Remittances and Development: the impact of migration to South Africa on rural livelihoods in southern Zimbabwe”, *Development Southern Africa*, Vol. 24 No. 1, pp. 123-136
- Masiwa, M. and Doroh, B. (2011). Harnessing the Diaspora Potential for Socio-economic Development in Zimbabwe: Investment, Trade and Participation in Political Processes. Harare: Institute of Development Studies, National Association of NGOs (NANGO).
- McNamara, C. (1999) General Guidelines for Conducting Interviews. <http://www.mapnp.org/library/evaluation/interview.htm>
- Mlambo, A. S. (2013) Becoming Zimbabwe or Becoming Zimbabwean: Identity, Nationalism and State Building, *Africa Spectrum*, 48 (1)
- Ncube, G. and Gómez, G. M (2011) Local economic development and migrant remittances in rural Zimbabwe: building on sand or solid ground? Bulawayo: Institute of Development Studies Publications (NUST)
- Palys, T. (2008). Purposive sampling: The Sage Encyclopedia of Qualitative Research Methods. (Vol.2). Los Angeles: Sage. pp. 697-8.
- Patton, M.Q. Cochran, M. (2002) A Guide to Using: Qualitative Research Methodology. UK: Medicine Sans Frontiers.
- Polzer, T. (2010) Responding to Zimbabwean Migration into South Africa: Evaluating Options, *South African Journal of International Affairs*.
- Ratha, D. (2013) The Impact of Remittances on Economic growth and Poverty reduction, Washington DC: Migration Policy institute.

RBZ (2016) Monetary Policy Statement: Economic Transformation through Transparency and Accountability. Harare

Savage, K. and Harvey, P. eds. (2007) Remittances during Crises: Implications for Humanitarian Response, HPG Report 25, Overseas Development Institute

Skeldon, R. (1997) Migration and Development: A Global Interpretation, London: Longman

Stark, O and Bloom E. D (1985) The New Economics of Labour Migration: The American Economic Review 75 (2)

Taylor, E. J. et al (1996) Population Index International Migration and Community Development Vol. 62, No. 3, pp. 397-418 Office of Population Research

Taylor, J. E. (1999). “The New Economics of Labour Migration and the role of remittances in the migration process.” International Migration, Vol. 37, No. 1, pp. 63–88.

Tevera, D. and Chikanda, A. (2009) Migrant Remittances and Household Survival in Zimbabwe. Cape Town: Church Square, and Southern African Research Centre, Canada: Queen's University.

ZIMSTAT. (2012) Provincial Report. Masvingo

ZIMSTATS. (2009) Migration a in Zimbabwe a Country Profile

## APPENDICES

### QUESTIONNAIRE FOR THE RECIPIENTS OF REMITTANCES

Questionnaires for an assessment of the impact of SA Rand devaluation on the livelihoods of recipients of diaspora remittances in Chiredzi urban.

My name is Tafadzwa Magomedze, a student at Midlands State University studying towards a Bachelor of Arts in Development Studies Honours degree. As part of the programme requirements, I am carrying out a research, assessing the impact of Rand devaluation on the livelihoods of those who depend of remittances from SA. Therefore your contributions, views and opinions will be appreciated and used for academic purposes only. You are also assured that Confidentiality will be highly observed and your identity kept anonymous.

Please answer all the questions in a given space and give explanations where necessary.

Age

Sex F  M

Marital status Married  Single

How many family members are South Africa?

Why did he/she went there?

Political  economic  other

How long have he/she been there?

1-2 yrs  3-4 yrs  5-10yrs  10-20yrs  21<yrs

Have you been benefiting from the migrant? Yes  No

If yes above please explain how.

.....

.....

.....

How long have you been benefiting? .....

Do you receive any remittances? Yes  No

How frequent did you receive remittances?

Per 1-3 weeks  1 month  2-5 months  6-12 months

Through which channel do you receive your remittances? Formal  Informal

Which type of Remittances do you receive? Cash  Goods  Both

What type of goods?

.....  
.....  
.....

How much do you usually received per month?

2011	
2012	
2013	
2014	
2015	
2016	

How do you use the money?

.....  
.....  
.....

Is it enough? Yes  No

Any changes in the way you receive remittances? Yes  No

If yes above please explain how did it change and why?

.....  
.....  
.....

Did you notice the devaluation of the Rand?

Yes  No

If yes above did it affect your remittances?

Yes  No

How did it affect your remittances?

.....  
.....  
.....

How did it affect your livelihoods?

.....  
.....  
.....

How many family members benefit from the remittances?

.....  
.....  
.....

Do you have other sources of livelihoods? If yes what are they?

.....  
.....  
.....

How did you survive the impacts of the devaluation of the Rand?

.....  
.....  
.....



Do you have enough Food? Yes  No

Do you have access to enough and clean water? Yes  No

Do you live in your own house? Yes  No

How many rooms do you use?

What assets do you possess?

.....  
.....  
.....

How did you get these assets?

.....  
.....  
.....

Can you easily access medical care? Yes  No

Do you think having a relative abroad helps improve life?

.....  
.....  
.....

In your view what can be done to reduce the impact of the devaluation of Rand

.....  
.....  
.....

## QUESTIONNAIRE FOR BANK OFFICIALS

Questionnaires for an assessment of the impact of SA Rand devaluation on the livelihoods of recipients of diaspora remittances in Chiredzi urban.

My name is Tafadzwa Magombedze, a student at Midlands State University studying towards a Bachelor of Arts in Development Studies Honours degree. As part of the programme requirements, I am carrying out a research, assessing the impact of Rand devaluation on the livelihoods of those who depend of remittances from SA. Therefore your contributions, views and opinions will be appreciated and used for academic purposes only. You are also assured that Confidentiality will be highly observed and your identity kept anonymous.

Please answer all the questions in a given space and give explanations where necessary.

Age

Sex

Work Post.....

When did you notice the devaluation of the Rand?.....

Did you notice any change in the flow of money from SA? Yes  No

If yes above what was the change?

.....  
.....  
.....

How much money do you usually receive from SA on average?

Per day	\$
Per month	\$
Per year	\$

How much on average did you receive per year in the last 3 years?

Year	Average Amount
2013	R
2014	R
2015	R
2016	R

What do you think was the main cause of the devaluation of the Rand?

.....

.....

.....

What were the main micro economic impacts of the devaluation of the Rand on Chiredzi?

.....

.....

.....

How was the volatility of the exchange rates between the USD and the ZAR in the past 5 yrs?

.....

.....

.....

What do you think can be done to reduce the impacts of the devaluation of the Rand?

.....

.....

.....

Questionnaire for Informal foreign currency exchangers

Questionnaires for an assessment of the impact of SA Rand devaluation on the livelihoods of recipients of diaspora remittances in Chiredzi urban.

My name is Tafadzwa Magombedze, a student at Midlands State University studying towards a Bachelor of Arts in Development Studies Honours degree. As part of the programme requirements, I am carrying out a research, assessing the impact of Rand devaluation on the livelihoods of those who depend of remittances from SA. Therefore your contributions, views and opinions will be appreciated and used for academic purposes only. You are also assured that Confidentiality will be highly observed and your identity kept anonymous.

Age

Sex

When did you notice the devaluation of the Rand?.....

Did you notice any change in the rand/USD exchange activities? Yes  No

If yes above what was the change?

.....

.....

.....

How much money do you usually change per day?.....

How much on average did you change per day in the last 5 years?

Year	Average Amount
2011	R
2012	R
2013	R
2014	R

2015	R
2016	R

What do you think was the main cause of the devaluation of the Rand?

.....

.....

.....

What do you think were the impacts of Rand devaluation on the livelihoods of people of Chiredzi?

.....

.....

.....

How was the volatility of the exchange rates between the USD and the ZAR in the past 5 yrs?

Year	Exchange rate (Rand/USD)
2012	
2013	
2014	
2015	
2016	

## Households interview guide

1. What is your opinion about migrating to SA?
2. What do you think are the main reasons why most migrants from Chiredzi end up in SA?
3. Do you think migrating to SA helps the family survive?
4. In what way does it help?
5. Do you benefit from remittances?
6. Have you been benefiting in a uniform way since your relative went to SA?
7. How did it change?
8. What do you think caused the devaluation of the rand?
9. Did it affect your relatives abroad?
10. How did it affect them?
11. Did it affect your livelihoods back here?
12. How were your livelihoods affected?
13. How did you survive the effects?
14. What do you think can be done to reduce the impact of rand devaluation back here?

## Interview guide for key informants

1. How were your Mukuru.com services behaving in the past 3 years?
2. Did the rand devaluation affect money transfers?
3. How did it affect these transfers?
4. How did it affect the exchange rates?
5. What do you think can be done to reduce these effects?