Remittances from South Africa

Zimbabwe's saving grace

In 2008 the economic crisis in Zimbabwe reached its peak and households were on the verge of starvation. **Tatenda Mukwedeya** found that people survived through a multiplicity of strategies including remittances of goods and food from South Africa in which he sees a significance for the future.

With the formation of the unity government between Zanu PF and the Movement for Democratic Change (MDC) and the official dollarisation of the economy in February 2009, Zimbabwe's fortunes seem to have taken a step in the right direction after years of decline. This is evidenced by the improved availability of goods on shop shelves and a steady decrease in month-on-month inflation since the beginning of 2009. The International Monetary Fund has even projected that Zimbabwe's economy will grow by 3.7% in 2009 and 6% in 2010, the first expansion since 1997.

However, these positive developments have not translated into improvements in the standard of living of the majority. This is because of the collapse of the informal economy which 60% of the population had turned to for survival.

In addition the country's biggest employer, the bankrupt government has been paying its employees meager salaries averaging US$160 per month. Therefore whilst the plight of workers and the general population has improved slightly, most have continued with strategies they employed during the crisis for survival. Thus it is important to reflect back on how people managed to cope during the crisis as a basis of understanding current livelihood strategies and how they can be strengthened.

For many Zimbabweans, 2008 will go down as the worst in the country's downward spiral. The depth of the crisis is best reflected by the hyperinflation figures with the last official figure standing at over 231-million per cent in October 2008. Independent economists said inflation reached 1.6-sextillion per cent in November 2008. A sextillion has 21 zeroes. Twenty-seven new currencies were introduced in 2008 alone whilst unemployment was way over 80% meaning that probably more Zimbabweans were working in South Africa than in Zimbabwe.

Food shortages were huge due to the shutting down of industries and persistent droughts. Social services including water, sanitation, health-care and education had virtually collapsed. This was evidenced by the outbreak of one of Africa's most deadly cholera epidemics in recent history that claimed the lives of more than 4 000 people and infected over 90 000 from August 2008 to March 2009.

Owing to government economic mismanagement the education system was plagued by a flight of skills and critical shortages of reading material leading the Progressive Teachers Union of Zimbabwe (PTUZ) to declare that no meaningful learning and teaching occurred in 2008.

It was against this background that households adopted multiple livelihood strategies. The information below was gathered at the peak of the economic crisis in mid-2008.

MULTIPLE LIVELIHOOD STRATEGIES

Households diversified their livelihood sources in order to manage and in most cases these strategies functioned in a complementary and supplementary manner. Zimbabwean households were not passive victims of the crisis or the ongoing slow recovery, but rather they became actors who through their own agency adopt a multiplicity of strategies to sustain themselves.

Workers actively resorted to moonlighting to supplement their meager salaries. The workplace was used as a platform to engage in other more profitable activities and as a space to establish networks to source and sell scarce commodities.

ips news

On the South African-Zimbabwe border: chronic shortages make the trading of almost anything profitable.

This gave a new meaning to work. Most workers doubled up as informal traders especially in the profitable foreign currency black market and other scarce commodities whilst using company resources like telephones and cars.

As the formal economy deteriorated, Zimbabwe's informal economy flourished and constituted nearly 67% of the country's GDP.

Households engaged in different activities in the informal economy but most focused on informal trading. Some argue that approximately 60% of the population had turned into traders. Often there were three or more layers of middle men such that the same commodities were sold several times before they got to the final consumer.

Chronic shortages of virtually all commodities made the trading of almost anything profitable. Scarce goods were sourced from within or outside Zimbabwe for re-sale on the parallel market. Overloaded buses from South Africa were common as they carried various scarce commodities.

Ndinongokiyakiya was a common response by people to describe the nature of the activities they were engaged in. It literally means 'doing this and that' and involved acquiring a sixth sense to source and sell scarce commodities in the uncertain environment. This meant that people had to constantly change what they were involved in depending on what was available at that time.

However, with the dollarisation of the economy in January 2009, the formal market jumped back onto the scene and goods could be accessed in shops. This meant that most of these *kiya-kiya* activities slowly died away as they could not cope with the competition.

Informal cross-border trading was also common but had mutated from the traditional export of crocheted garments and other artefacts and the import of second-hand clothes to sell in Zimbabwe, to the import of groceries, TVs, fridges and other goods.

Others resorted to self-employment and capitalised on the collapse of formal business by operating small-scale units that produced and distributed general goods and services within their own communities like welding and fabrication, peanut butter making, plumbing, selling of vegetables, hair salons and shoe repairs.

Most households also resorted to urban farming as a coping mechanism to enhance food security. Whilst widely practised by the poor and the lower income groups in Harare, urban farming became common in affluent areas as well. In well-heeled suburbs like Avondale and Mabelreign, maize and vegetable plots sprouted up to counter expected food shortages. Popularly referred to as *chingwa*, which literally means bread, sweet potato farming was visibly widespread in public spaces. As one resident in Glen Norah said, 'We grow our own "bread", we have our tea and sweet potatoes for breakfast.'

However, due to the extent of the economic decline in Zimbabwe, most of these strategies failed to provide a stable means of living. But with the incorporation of another external coping strategy in the form of remittances, households managed to endure the ravages of the economic collapse.

CONTRIBUTION OF REMITTANCES

As the crisis progressed and resources within the country dwindled, households had to increasingly look outside the country for livelihood options. Remittances also continued to play a central role in most households after the formation of the unity government. It is estimated that more than US$1-billion finds its way into Zimbabwe each year, and about $500-million of this arrives via Zimbabweans in South Africa with the bulk of it leaving South Africa informally via taxi and bus services.

It is these remittances from Zimbabwe's estimated four million pool of migrants, most of whom are in South Africa, which have been the country's saving grace.

The contribution of remittances for Zimbabweans is difficult to quantify because it is highly informal. Remittances to Zimbabwe are also largely in the form of goods. Only recipients themselves can help us to understand the contribution of remittances to household livelihoods.

The patterns of remittances also changed to allow households to cope as the crisis progressed and they were used in a way that facilitated households to cope.

Pattern of remittances

Cash remittances used to be common but as the crisis manifested in the shortage of basic commodities, remittances compensated for this and were largely in the form of goods like soap, cooking oil, sugar and other basic groceries. In 2008 the range of goods had widened to include commodities like maize-meal and even beer and meat to a lesser extent.

An informal conversation with Munashe in October 2008, a boiler maker in Johannesburg since 2003, highlighted the extent of food insecurity and how the Zimbabwean diaspora stepped in through remittances. In the beginning Munashe used to send cash and only a few goods to his family but he started to send mainly goods around 2006 and 2007 when rampant shortages began to emerge.

He indicated that he never used to send the staple of maize-meal back home and that before 2007 this was unheard off because maize had always been available in Zimbabwe although it had sometimes been scarce, but an absolute shortage had never occurred. However, in 2008 Munashe along with other migrants in South Africa adjusted to the shortages in Zimbabwe and the demands of their households by sending maize-meal and other basic goods back home.

Remittances from international destinations mostly the United Kingdom had always largely been in cash because it was easier and cheaper to send cash than goods from these countries. However some of these cash remittances started to be transformed into goods through shopping trips to neighboring countries.

Some scholars even categorised Zimbabwean 'shoppers' as a particular 'type' of Zimbabwean migrants who entered South Africa to shop for food and basic goods and returned to Zimbabwe almost immediately. The *Mail&Guardian* in 2008 also noted that Zimbabwean cross-border shoppers were largely responsible for the growth in retail sales in South Africa which rose from 8.7% in 2006 to 18% in 2007 when Zimbabweans spent R2.2-billion.

Uses of remittances

Remittance usage patterns in Zimbabwe are similar to other developing countries where the bulk of remittances are used for consumption and investment in human capital such as education. What is interesting about Zimbabwe is that even with the excessive use of remittances for consumption, households continued to use remittances for human capital development especially on education.

The education system was on the verge of total collapse, but remittances facilitated initiatives by parents and teachers to keep some schools running. Parents resorted to paying part of their children's tuition fees in foreign currency and part in in-kind payments in the form of groceries especially for boarding schools.

The cash would supplement the teachers' salaries whilst the groceries would be consumed by both the children and teachers during the term. Chipo who has two children in boarding school commented that, 'We now have the burden of feeding our children and their teachers otherwise they will go to South Africa'.

CONCLUSION

Zimbabwe's slow recovery has seen most households continuing to rely on livelihood strategies they adopted during the 2008 crisis and remittances have continued to play a central role in their livelihood strategies.

The unity government in its post-crisis reconstruction efforts should therefore go back to the crisis and draw lessons from how households managed. Instead of setting up new initiatives which will need time to get underway, the government should promote resilient coping strategies that were developed during the economic crisis. More importantly, the government should seriously recognise the capacity and potential of its diaspora remittances which can be an important source of future development finance. LB

Tatenda Mukwedeya is a PhD fellow at the Society, Work and Development Institute at the University of the Witwatersrand. This article is based on his Master's research.