Eurasian Journal of Economics and Finance, 8(4), 2020, 261-273
DOI: 10.15604/ejef.2020.08.04.006

EURASIAN JOURNAL OF ECONOMICS AND FINANCE

www.eurasianpublications.com

REMITTANCES AND ECONOMIC DEVELOPMENT: EVIDENCE FROM SADC COUNTRIES

Courage Mlambo
Corresponding Author: University of Fort Hare, South Africa
Email: mlamboct@gmail.com

Forget Kapingura
University of Fort Hare, South Africa
Email: fkapingura@ufh.ac.za

Received: August 10, 2020 Accepted: December 11, 2020

Abstract

This study sought to examine the effects of remittances on economic development on selected SADC states. Remittances are important for the survival of poor individuals, households and societies around the world. The funds sent by migrants are a crucial means of survival that can assist families in buying food, sending children to school and building basic shelter. Given the poor economic development in these SADC countries and the probable development outcomes of remittances, remittances income should be critical to the SADC countries. However, literature shows that relationship between remittances and development is not always clear. Remittances may bring positive or negative effects. It is against this background that this study sought to examine the effects of remittances on economic development on selected SADC states. The study used panel data and the sample included five SADC countries (Zimbabwe, Mozambique, Lesotho, Eswatini and DRC) for the years 2005-2015. The study used a Fixed effects model, random effects model and a GMM approach to estimate the effects of remittances and economic development. Results showed that remittances have a positive effect with economic development. This finding suggests that remittance inflows are able to stimulate economic development. The study recommended that the government put in place policies that enhance the remittances transformation to economic development.

Keywords: Remittances, Economic Development, Poverty, Cross Border Income, Migration

1. Introduction

Mutume (2019) defines remittances as cross-border income that is send by migrants back to their home countries. Remittances are important for the survival of poor individuals, households and societies around the world. The funds sent by migrants are a crucial means of survival that can assist families in buying food, sending children to school and building basic shelter (Finmark, 2017). Remittances are to an increasing extent seen as a comparatively appealing source of foreign funds for low-income countries because they may assist in accelerating development (Spatafora, 2015). Even in cases where remittances funds only have a marginal and limited

growth impact, they can be very important in improving welfare. In developing countries, many poor communities rely on remittance income for the basic needs and therefore increased remittances may be linked with improvements in development and welfare of communities (Spatafora, 2015). This view had earlier been stated by Adams (2011) who had argued that remittances increase income levels and they can also be used for human development (education and health), subsequently contributing towards welfare improvement and development.

Ratha (2013) states that remittances are linked with substantial development outcomes over numerous areas such as equality, education and health. Remittances also carry some multiplier effects, with some of the investments and spending done by remittance receiving households accruing to the whole community. Pertaining to poor families, they assist in human development by funding education and health care needs and encouraging small business development through investments in entrepreneurial activities (Gianetti *et al.* 2009; King and Ross, 2009 and Jayaraman *et al.* 2011). Remittances are crucial and commonly the main source of income for several families in low-income countries. Ustubici and Irdam (2012) concur and state that remittances are a critical means for survival of many households and some fragmented and war-torn states rely on remittances. It is for these reasons that remittances have been regarded as a development tool because they can increase household incomes and lessen poverty levels in developing countries.

However, it should be noted that remittances have not permanently been regarded appreciatively from a development standpoint. Singh (2015) claims that there is an element in ‘development’ that the literature on remittances frequently fails to acknowledge. Fullenkamp (2015) states that notwithstanding the point that several developing countries obtain exceptionally huge amounts of remittances – considered in relation to the size of their economies – no single remittance success story has been seen or witnessed. Stated differently, there is not even a single case for which remittances have undeniably steered economic development. A strong reason why remittances may not steer development is that remittances can increase inequality, prompt import consumption and create a culture of dependency (Crush, 2006). Furthermore, because of their countercyclical nature, remittances can incentivize governments to avoid their duty to supply essential public goods and maintain citizens’ welfare (Singh, 2015). Remittances may also lessen citizens’ motive to pressure the government to develop and implement policy and actions that stimulate economic growth and development (Chami *et al.* 2008). From this perspective, it can be said that far from steering development, remittances hold a perilous capability to worsen socio-economic problems, political challenges and stifle the economy (Singh, 2015).

Households in sub-Saharan Africa (SADC included) have a long tradition of cross-border migration and associated remittances (Finmark, 2017). In the SADC region, much of the remittances come from South Africa. South Africa is an economic centre for many African countries, and has conventionally been an attractive destination for African migrants, and consequently, a vital source for remittances (Finmark, 2016). According to International Organization for Migration (2016), South Africa accommodates approximately 58.4% of SADC migrants and greater part of remittance flows from South Africa (that is 90% of all money transfers) are destined for neighboring Zimbabwe, Mozambique, Lesotho, Swaziland and DRC (Finmark, 2017). These countries will be used in this study. The countries also have low scores in the HDI’s measurement of development. Out of 189 countries, Eswatini ranks at 144, Zimbabwe at 156, Lesotho at 159, DRC at 176 and Mozambique at 180 (UNDP, 2019).

Given the poor economic development in these SADC countries and the probable development outcomes of remittances, remittances income should be critical to the SADC countries. However, it should be noted that the relationship between remittances and development is not always clear (Sharma, 2009). Remittances may bring positive or negative effects (Finmarkk, 2017 and Nyasulu, 2017) to the SADC region. In light of this, this study seeks to examine the effects of remittances on economic development on selected SADC states.

2. Literature review

There is a considerable debate on the role of remittances to economic development process of developing countries (Le, 2011; Goff and Salomone, 2013; Matuzeviciute and Butkus, 2016;

Asian Development Bank, 2018). Literature shows that the relationship between remittances and development is not always clear. Remittances may bring positive or negative effects. This section shall discuss both the positive and negative effects of remittances that have been identified by several studies.

2.1. Positive effects

2.1.1. Poverty and inequality

Adams (2006) did a study in Guatemala on international remittances and poverty, which showed that remittances lessened the level of poverty by 1.6%. Results also showed that remittances constituted at least 60% of household income for poor households. Jongwanich (2007) examined the effects of remittances on growth and poverty. The results showed that increases in remittances flows were associated with reductions in poverty. Acosta *et al.* (2008) did a study in 10 Latin American and Caribbean countries and found that remittances lessened poverty and inequality levels. Portes (2009) did a panel study in 46 countries to investigate the effects of remittances on inequality and poverty. The study showed that remittances lessened both inequality and poverty. The effects of remittances were more felt in the poorest countries in the study sample.

Anyanwu and Erhijakpor (2010) examined the effect of cross boarder remittances on poverty in selected African states. Results showed that cross boarder remittances lessened the complexity and severity of poverty in Africa. Gubert *et al.* (2010) showed that cross boarder remittances lessen poverty rates by 5% and inequality by about 5%. Biyase (2012) indicated that cross boarder remittances reduce the possibility of a households being poor or persistently poor. However, the effect of remittances on inequality was negligible. Stratan (2013) did a study in Moldova and found that cross border remittances play a significant role in lessening the gravity of poverty. Beyene (2014) investigated the effect of cross boarder remittances on poverty and inequality. The intensities, complexity and gravity of poverty were seen to have been lessened by cross boarder remittances. However, the study showed that cross border remittances did not affect inequality. McKay and Deshingkar (2014) did a study on selected Asian and African countries using household surveys. Their results confirmed the notion that remittances reduce poverty. Masron and Subramaniam (2018) did a study, which confirmed that the intensity and gravity of poverty tends to be lesser in countries with a higher flow of remittances. This showed that remittances have a significant role in driving a sustainable reduction in poverty.

2.1.2. Provide basic needs and food security

Shire (2008) claims that, in Somalia, remittances are a lifeline without which reliance on international food aid or hunger on large scale would have been unavoidable. Most of the remittances send to Somalia are used for family basic needs. Finmark (2017) points that in remittances literature, the food needs of households are overlooked and this may obscure the developmental impact of remittances. Crush further states that to the extent that remittances spent on food prevent children from starving, remittances should be seen as an investment in human capital. Fullenkamp (2015) claims that the key incentive behind remittances seems to be to provide for the family's basic needs of food, clothing and shelter. In brief, they are meant to protect families against poverty, and they are very effectual at this. SSRC (2015) remittances help untie the budget restrictions of their recipients, permitting them to increase consumption of both durables and nondurables.

2.1.3. Health, education

Remittances allow for increased human capital accumulation (through both education and health care), and for increased physical and financial investments (Azizi, 2018). Finmark (2016) claims that remittances are used to raise childfree, provide food for households, fund education and health services. Murata (2017) showed that remittances have considerably contributed to Bangladesh's economy and to the general development of Bangladesh. It has also been found

that remittances improve the quality of social service delivery, because with the help of remittances, the remittance recipients can afford to use alternative private services (Abdih *et al.* 2008; Sithole and Dinbabo, 2016). Cross boarder remittances increase spending on education and increased education financing lessen the need for child labor in remittance receiving countries (Nyasulu, 2017). In South Africa, Nagarajan (2009) found that increased remittances flows allowed poor households to spend more on healthcare, food and improved access to better medical facilities. Drabo and Ebeke (2010) found in a survey of 56 developing countries that remittances not only increased access to private treatment for communicable diseases such as malaria and diarrhea, but also supplemented foreign aid in financing health outcomes.

2.2. Negative effects

2.2.1. Dependency

Alvarez-Tinajera (2010) did a study in Angola and revealed that 16% of the households depend on cross boarder remittances as income. The study also indicated that dependency on remittances is much higher in developing countries. This dependency on remittances may be an inhibiting factor to economic growth and development. It is argued that if there are economic problems (for example economic crises) in the remittance sending country, the remittance receiving country may suffer (Alvarez-Tinajera, 2010). This may further deepen the welfare of recipients. Lubambu (2014) argue that remittance creates an increasing culture of dependency in poor countries that weaken recipients' incentive to work and a rise in inequalities. Amuedo-Dorantes (2014) and Pant (2017) note that remittances badly affect the receiving economy by nurturing a culture of dependency that lowers labor supply and encourages conspicuous consumption. Jadotte (2009) had proven such harmful effects in Haiti on both working hours and labor market participation.

2.2.2. Deepen inequality

Another shortcoming of remittances is that they may deepen inequalities within home countries (Mishra, 2007; Adams, 2011). Vogel and Korinek (2012) showed that despite the fact that remittances increased education funding, the funding was disproportionately spent in boys' education. Even there is a rise in education funding and an investment in human capital, this investment may not be happening on an equitable basis. Singh (2015) argues that if the definition of development is extended to quality of life then remittances have an adverse effect on development because they worsen existing social-cultural and gender inequalities. Lubambu (2014) claim that the economic actions of recipient households typically tend to increase the prices of goods and services in the local domestic market, possibly affecting the whole community, including non-recipient households. This had been confirmed by previous studies. For instance, Barajas *et al.* (2012) and El-Sakka and McNabb (1999) revealed that the increasing consumption of recipients may increase cause the prices to increase and the exchange rate to appreciate in value. The sudden rise of prices may lead to an increase in the cost of production in the non-tradable sector, thus leading to the loss of national competitiveness. In Cape Verde, consumption driven by remittances was a contributing factor in the increase of local prices (Lubambu, 2014).

2.2.3. Governance and political problems

Majeed (2016) argued remittances decreases the incentive of the remittance recipients to monitor and assess the domestic public sector performance. The remittance funds generate a moral hazard problem as cost of sluggish performance of the domestic public sector is at least partly moved to the remittance sender; because, when the economy is underperforming, remittance transfer is expected to increase. Remittances therefore permit governments to decrease their contribution to provision of certain essential services and reduce the cost of diverting state resources to serve their own purposes (Grabel, 2009; Dionne *et al.* 2014). Germano (2013) argues that remittances loosen the connection between the welfare of remittance-recipients and

government performance. Sheathed from poor maladministration and poor service delivery, remittance recipients are therefore less likely to be involved in political doings. Taken together, this view suggests that remittances may be a curse.

2.2.4. Loss of domestic industry competitiveness

Remittances may stimulate import consumption (Crush, 2006). In many countries, the greater part of remittances are spent on consumption. If this consumption is done on imported goods, the overall effect of remittance funds on the receiving country is significantly diminished, as local manufacturers do not experience increased demand. The consumption of imports, if large enough, can worsen the terms of trade of the recipient country over time. Finally, this result in the depreciation of the local currency, making imported goods dearer, and reducing the purchasing power of all households. Hypothetically, it is therefore possible for inflows of remittances to make a country poorer rather than richer (Finmark, 2017).

3. Methodology

3.1. Data sources

In order to estimate the effect of remittances on economic development, this study utilizes data from the World Bank. The sample includes five SADC countries (Zimbabwe, Mozambique, Lesotho, Eswatini and DRC) for the years 2005-2015. The criterion for choosing this study period is the consistent availability of data for the period 2005 to 2015.

3.2. Model specification and description variables

This study adopts Matuzeviciute and Butkus's (2016) model. Matuzeviciute and Butkus (2016) used an unbalanced panel data covering a sample of 116 countries with different development levels over the period 1990–2014 to study the interaction between remittances and the level of economic development. Based on the model employed by Matuzeviciute and Butkus's (2016) model, the study developed the following regression model

$$HDI_{it} = \beta_0 + \beta_1 REM_{it} + \beta_2 IND_{it} + RR + \beta_4 GDP_{it} + \beta_5 FDI_{it} + \varepsilon_{it} \quad (1)$$

where HDI is human development index, REM is remittances, IND is industrialization, RR is Resource Rents, GDP is Gross Domestic Product, FDI is Foreign direct investment and ε_{it} is an error term. The description of variables is presented in Table 1.

Table 1. Summary of variable description

Variable	Description and Unit of Measurement	Source
GDP	Gross domestic Product. It is a monetary measure of the market value of all the final goods and services produced in a specific period.	World Bank
EXCH	Real exchange rate. Real effective Exchange rate. It is the nominal effective exchange rate (a measure of the value of a currency against a weighted average of several foreign currencies) divided by a price deflator or index of costs.	World Bank
REM	Remittance flows. Personal remittances comprise personal transfers and compensation of employees. Personal transfers consist of all current transfers in cash or in kind made or received by resident households to or from non-resident households. Personal transfers thus include all current transfers between resident and non-resident individuals.	World Bank
RR	Resource Rents. The economic rent of a natural resource equals the value of capital services flows rendered by the natural resources, or their share in the gross operating surplus; its value is given by the value of extraction.	World Bank
IND	Industrial Production. This is a monetary measure of the market value of all the final goods and services produced in the industries.	World Bank
FDI	Foreign Direct Investment. It is a category of cross-border investment in which an investor resident in one economy establishes a lasting interest in and a significant degree of influence over an enterprise resident in another economy.	World Bank

3.3. Estimation techniques

3.3.1. Static models

Under static models, the study used both the fixed effects and the random effects model**s.** Ferdaous (2016) states that the unobserved heterogeneity of the developing countries may lead to country-specific unobserved characteristics be correlated with the explanatory variables in the model. One way of handling the unobserved heterogeneity is to use Fixed Effects (FE) to control for the unobserved effects. On other case of the random effects model, the model can manage the unobservable heterogeneity through a general least-square estimation (GLS) process if it is believed that the error terms of each individual countries are randomly distributed across countries and hence the unobserved effects are uncorrelated with any explanatory variables (Williams, 2018).

3.3.2. Dynamic model: System GMM

Static models are always mispecified, because the within-group error terms are serially correlated, thereby invalidating both point estimates and statistical inference. Bun and Sarafidis (2013) concur and state that due to endogeneity problems, the ordinary least squares, random effects model and fixed effects models are biased and inconsistent. In this regard, a dynamic model was applied. The preferred dynamic model technique was the GMM model. To reduce potential biases and imprecision associated with difference estimator, a new estimator that combines regression in differences with regression in levels is proposed by Arellano and Bover (1995) and Blundell and Bond (1998) called system GMM.

The GMM was chosen because it is quite efficient in dealing with the endogeneity problem. There is an endogeneity problem related to remittances (Ferdaous, 2016). Alphonse and Ahoure (2009) argue that this endogeneity is triggered by the fact that countries that have poor economic growth tend to get more remittance funds because migrants would be concerned about the welfare of their families' miseries back home. Page (2008) and Bun and Sarafidis (2013) state that ensuring the exogeneity of the variables used in the specification of this selection model is not straight-forward. This study had to use what previous studies did to choose exogenous variables. For the endogenous variables, the study relied on the internal instruments that are one lag variables (Ziesemer, 2012 and El Hamma, 2016).

3.4. Diagnostic tests

The validity of the instruments was checked by the test of overidentifying restriction which was carried out using a Hansen's J-static (Chukwuone *et al.* 2018). The result of the test shows that Hansen's J chi2(1) of 1.245 was not significant with a p-value of 0.658 suggesting that the instruments are valid, that is, that they are uncorrelated with the unobserved component of the economic development equation. The J-statistic of 1.245 was not too big (Davidson and McKinnon 2004) and its p-value (0.658) was not too small (Greene 2008). This shows that the instruments used in this study were valid. Since the instrument is strong enough, there is no reason to check for robustness of the simpler models, the Random effects and the Fixed-Effects models (Larsson and Angman, 2014).

4. Results

The results from Table 2 (using the random effects, fixed effects) and Table 3 (GMM techniques) provided similar outcomes except for a few variables (IND and RR) under the fixed effects model. The results from the GMM and random effects were more or less the same. The signs were the same but magnitude of the coefficients differed slightly. However, since the GMM passed the robustness checks, only the results from the GMM will be discussed.

Table 2. Random and Fixed effects results

Random Effects				Fixed Effects			
Variable	**Coefficient**	**t-statistic**	**Prob**	**Variable**	**Coefficient**	**t-statistic**	**Prob**
IND	0.004578	10.6031	0.0000	IND	-0.0022	-2.0276	0.0487
REM	4.37000	7.8679	0.000	REM	4.7400	5.7121	0.0000
RR	-0.00411	-14.72487	0.000	RR	0.0021	1.5525	0.1277
FDI	0.00098	2.55681	0.0137	FDI	0.0010	2.2933	0.0267
GDP	-0.00152	-2.4985	0.0159	GDP	-0.001502	-1.92400	0.608

For IND, the random effects show a statistically significant positive effect between IND and economic development. The result is significant at a 1% level (0.0000). When industrial growth increases, economic development also increases. This is a reasonable outcome. Obioma *et al.* (2018) state that the belief that is the catalyst of economic growth for many nations in the twentieth century can no longer be disputed and industrial development is widely considered to be the ideal to drive Africa's development. In the modern world, the industrial sector is regarded as a basis for determining a nation's economic efficiency (Amakom, 2012). If an economy is not efficient, it will not grow and development will be affected.

Table 3. GMM results

Variable	Coefficient	Std Error	t-statistic	Prob
Lagged HDI	0.0073	0.00254	2.8867	0.0049
IND	0.0046	0.00091	5.06357	0.0000
REM	5.2900	1.1800	4.48974	0.0001
RR	-0.0041	0.0005	-2.0334	0.0000
FDI	0.0014	0.0008	1.6282	0.1110
GDPG	-0.0055	0.0027	-2.0334	0.0484

Results from all the three models show that remittances (RR) have a positive effect with economic development. The results are significant at a 1% level (0.0001). This finding suggests that remittance inflows are able to stimulate economic development. This is a quite reasonable outcome. The results corroborate similar results reported in the literature. In Mozambique, rural people depend largely on remittances and migrant remittances are often better off than non-migrant ones (De Vletter, 2007). In Lesotho, Crush *et al.* (2010) claim that the majority of households and rural communities are dependent on remittances for their livelihood. Fowowe and Ibrahim (2016) also observed that increases in remittances have been associated with higher development in Lesotho. David-Preyser (2017) remittances now account for 30% of the local economy and often do much more for Lesotho than foreign investments or aid. In the DRC, the remittances sent by Congolese migrants are disproportionately important to the households that receive them, and play a crucial role in stabilizing household income for many recipients (Finmark, 2018). The most common use of remittances are to satisfy basic needs and fund specific family events that can include buying land, house construction and opening businesses along with consumption (education, health) (Sumata and Cohen, 2018).

In Zimbabwe Tevera and Chikanda (2009), Moyo and Nicolau (2016), Nyikahadzoi *et al.* (2019) Dzirutwe (2020) and Bhoroma (2020) revealed that cash remittances were the major source of total household income and without remittance flows, the situation of many Zimbabwean households would be even more dire than it is already. In Eswatini, almost half of Swazi adults rely on each other for remittance income (Afi-Global, 2018) and the country would be severely imperiled if foreign governments or economies slowed down the flow of either aid or remittances into the country (EPRI, 2016). When the above information is taken into consideration, it can be seen that remittances are critical for several poor SADC countries. Remittances are a critical lifeline for many households and they help households address their development goals.

Results also show that FDI has a positive but very weak effect on economic development. In other words, an increase in FDI has a slight increase in economic development. However,

results from the dynamic model are marginally significant (p-value = 0.11). The findings are consistent with literature. Gohou and Soumare (2012) provide evidence for a positive and significant relationship between FDI and poverty reduction. Gokmenoglu *et al.* (2018) found a positive relationship between FDI and HDI. However, their study concluded that the effect of FDI on the HDI is a complex matter.

Results show that GDP has a negative relationship with economic development. The results is significant at a 5% level (0.0484). The results are surprising because economic growth is supposed to boast economic development. However, it must be noted that the notion of a positive association between welfare and growth has been criticized (Gokmenoglu *et al.* 2018). If economic growth is not inclusive and does not encourage equitable distribution of income, it can widen the inequality gap and have a negative impact on the general well-being of the citizens (Ravallion, 2007). This is the case in the countries under investigation. Growth has not been inclusive and it has resulted in massive migrations.

5. Conclusion

This paper aimed to investigate the effects of remittances on economic development on selected SADC states. The study was conducted by employing fixed-effect, random-effect models and GMM in the panel data set over the periods of 11 years (2005-2015). Results from both the fixed effects, random effects and the GMM approach showed that remittances have a positive effect with economic development. This finding suggests that remittance inflows are able to stimulate economic development. This is a quite reasonable outcome. The results corroborate similar results reported in the literature, which had shown that remittances are essential for people's livelihoods.

The study recommends that the government put in place policies that enhance the remittances transformation to economic development. The study supports Sach's assertion that development needs governments "oriented toward development". The current remittances policies in several SADC states are not oriented toward development. The cost of remitting is still high and there is lack of competition in remittances markets. How to harness the potential of remittances for development is a major challenge for SADC and African states at large. In order to enjoy the economic development benefits that come with remittances, there is need for SADC governments to ensure that there is an easy flow of remittances from other areas into the SADC region. In order to do this, governments should create a policy environment that facilitates the development of institutions that handle remittance payments. Government should also encourage competition in the remittances transfer market. SADC countries should provide market space for the money transfer institutions. This can be done by advocating for simple and low-cost regulations and adopting policy environments that money transfer institutions to enter into the remitting business. Furthermore, the region should make remittances transfer system cost effective and efficient for it to better serve its clients. High costs of remitting to the SADC region are still a major problem thus making it expensive for senders to send money into the SADC region.

References

Abdih, Y., Chami, R., Dagher J., and Montiel, P., 2012. Remittances and institutions: Are remittances a curse? *World Development*, 40(4), pp. 657-666. https://doi.org/10.1016/j.worlddev.2011.09.014

Acosta, P., Calderon, C., Fajnzylber, P., and Lopez, H., 2008. What is the impact of international remittances on poverty and inequality in Latin America? *World Development*, 36(1), pp. 89-114. https://doi.org/10.1016/j.worlddev.2007.02.016

Adams, R. H., 2006. *Do remittances reduce poverty?* [online] Available at: <https://www.globalpolicy.org/component/content/article/220/47270.html> [Accessed on 13 May 2019].

Adams, R. H., 2011. Evaluating the economic impact of international remittances on developing countries using household surveys: A literature review. *The Journal of Development Studies*, 47(6), pp. 809-828. https://doi.org/10.1080/00220388.2011.563299

Afi-Global, 2018. *National financial inclusion strategy for Swaziland 2017 – 2022. 2018.* [online]. Available at: <https://www.afi-global.org/sites/default/files/publications/2018 01/Swaziland%20National%20Financial%20Inclusion%20Strategy%202017%20-2022.pdf> [Accessed on 10 March 2020].

Arellano, M. and Bover, O., 1995. Another look at the instrumental variable estimation of error components models. *Journal of Econometrics*, 68 (1), pp. 29–51. https://doi.org/10.1016/0304-4076(94)01642-D

Alphonse, A. and Ahoure, E., 2009. *Remittances, governance and growth in Sub-Saharan Africa countries: A dynamic panel data analysis.* In: International Migration Institute Workshop, November (Vol. 26).

Alvarez-Tinajera, S. P., 2010. *Angola: A study of the impact of remittances from Portugal and South Africa*. Migration Research Series, No 39, IOM, Geneva

Amakom, U., 2012. Manufactured exports in Sub-Saharan African economies: Econometric tests for the learning by exporting hypothesis. *American International Journal of Contemporary Research*, (2)4, pp. 195-206.

Amuedo-Dorantes, C., 2014. *The good and the bad in remittance flows*. IZA World of Labor, No. 97. https://doi.org/10.15185/izawol.97

Anyanwu, J, and Erhijakpor, A., 2010. Do international remittances affect poverty in Africa? *African Development Review*, 22(1), pp. 51-91. https://doi.org/10.1111/j.1467-8268.2009.00228.x

Asian Development Bank, 2018. *Migration and remittances for development in Asia*. [online]. Available at: <https://www.adb.org/publications/migration-remittances-developing-asia> [Accessed on 14 March 2020].

Azizi, S., 2018. The impacts of workers' remittances on human capital and labor supply in developing countries. *Economic Modelling*, 75 (3), pp. 377-396. https://doi.org/10.1016/j.econmod.2018.07.011

Barajas, A., Chami, R., Ebeke, C. and Tapsoba, S. J. A., 2012. *Workers' remittances: An overlooked channel of international business cycle transmission?* IMF Working Paper WP/12/251. 2012. https://doi.org/10.5089/9781475535822.001

Beyene, B. M., 2014. The effects of international remittances on poverty and inequality in Ethiopia. *The Journal of Development Studies*, 50(10), pp. 1380–1396. https://doi.org/10.1080/00220388.2014.940913

Biyase, M., 2012. The relationship between poverty and remittances in South Africa. *Strategies to overcome poverty and inequality, Towards Carnegie III, University of Cape Town.*

Blundell, R. and Bond, S., R., 1998. Initial conditions and moment restrictions in dynamic panel data models. *Journal of Econometrics*, 87(1), pp. 115–143. https://doi.org/10.1016/S0304-4076(98)00009-8

Bhoroma, I., 2020. Diaspora remittances can boost Zim economy. [online] Available at: <https://www.theindependent.co.zw/2020/02/07/diaspora-remmitances-can-boost-zim-economy/> [Accessed on 22 April 2019].

Bun, M. J. G. and Sarafidis, V., 2013. *Dynamic panel data models*. UvA-Econometrics Discussion Paper, 2013/01. Amsterdam School of Economics Research Institute.

Chami, R., Barajas, A., Cosimano, T., and Fullenkamp, C., 2008. Macroeconomic consequences of remittances. [PDF] Available at: <https://www.imf.org/external/pubs/ft/op/259/op259.pdf> [Accessed on 4 August 2019].

Chukwuone, N. A., Amaechina, E., Enebeli-Uzor, S. E., Iyoko, E., and Okpukpara, B., 2018. Analysis of impact of remittance on poverty in Nigeria. *PEP Working Paper Serie No. 2012-09.* https://doi.org/10.2139/ssrn.2367404

Crush, J., 2006. Migration, remittances and development in Southern Africa. Available at: <https://www.africaportal.org/publications/migration-remittances-and-development-in-southern-africa/> [Accessed on 10 June 2019].

Crush, J., Dodson, B., Gay, J., Green, T. and Leduka, C. 2010. Migration, remittances and 'development' in Lesotho. [pdf] Available at: <http://samponline.org/wp-content/uploads/2016/10/Acrobat52.pdf> [Accessed on 12 March 2020].

David-Preyser, J., 2017. The remittances propping up Lesotho's economy. *BBC News,* [online] 27 February. Available at: <https://www.bbc.com/news/av/business-39079870/the-remittances-propping-up-lesotho-s-economy> [Accessed on 16 March 2020].

Davidson, R. and MacKinnon, J. 2004. *Econometric theory and methods*. Oxford: Oxford University Press.

De Vletter, F., 2007. Migration and development in Mozambique: poverty, inequality and survival. *Development Southern Africa,* 24(1), pp. 137-153. https://doi.org/10.1080/03768350601165975

Dionne, K. Y., Inman, K. L. and Montinola, G. R., 2014. *Another resource curse? The impact of remittances on political participation*. [pdf] Available at: <https://afrobarometer.org/sites/default/files/publications/Working%20paper/Afropapern o145 pdf> [Accessed on 10 March 2020].

Drabo, A. and Ebeke, C., 2010. *Remittances, public health spending and foreign aid in the access to health care services in developing countries*. Centre d'Études et de Rescherches sur le Dévelopment International. Working Paper E2010.04.

Dzirutwe, I., 2020. Zimbabwe's diaspora remittances surge as lockdowns forced use of official channels. [online]. Available at: <https://www.businesslive.co.za/bd/world/africa/2020-11-19-zimbabwes-diaspora-remittances-surge-as-lockdowns-forced-use-of-official-channels/> [Accessed on 02 April 2019].

El Hamma, I., 2016. *Linking remittances with financial development and institutions: a study from selected MENA countries.* GREDEG Working Papers 2016-38, Groupe de REcherche en Droit, Economie, Gestion (GREDEG CNRS), Université Côte d'Azur, France.

El-Sakka, M. I. T. and McNabb, R., 1999. The macroeconomic determinants of emigrant eemittances. *World Development*, 27(8), pp. 1493–1502. https://doi.org/10.1016/S0305-750X(99)00067-4

EPRI, 2016. *Country profile: Swaziland*. [pdf]. Available at: <http://epri.org.za/wp content/uploads/2016/07/47 Swaziland.pdf> [Accessed on 18 March 2020].

Ferdaous, J. 2016. Impact of remittances and FDI on economic growth: A panel data analysis. *Journal of Business Studies Quarterly,* 8(2), pp. 58-77.

Finmark, 2018. Understanding global remittances corridors in The Democratic Republic of Congo (Drc). [online] Available at: <https://finmark.org.za/system/documents/files/000/000/216/original/DRC-Remittances_Final-English.pdf?1601981145> [Accessed on 08 July 2019].

Finmark, 2016. *Fact sheet remittances from South Africa to SADC approximately R11,2 bn remitted annually*. [pdf] Available at: <https://www.finmark.org.za/wp-content/uploads/2016/07/remittances from-south-africa-to-sadc.pdf> [Accessed on 18 March 2020].

Fintrust, 2017. Does market structure drive the prices for cross-border remittances in South Africa? [online] Available at: <https://finmark.org.za/system/documents/files/000/000/248/original/cross-border-remittance-pricing.pdf?1602597388> [Accessed on 12 October 2019].

Fowowe, B. and Ibrahim, T. M., 2016. Remittances and economic development in Lesotho: Does financial sector development matter? *Economics Bulletin*, 36(4), pp. 2209-2224.

Fullenkamp, C., 2015. Do remittances drive economic growth? [online] Available at: <https://www.weforum.org/agenda/2015/02/do-remittances-drive-economic-growth/> [Accessed on 04 August 2019].

Germano, R., 2013. Migrants' remittances and economic voting in the Mexican countryside. *Electoral Studies*, 32(4), pp. 875-885. https://doi.org/10.1016/j.electstud.2013.04.001

Gianetti, M., Federici, D., and Raitano, M. 2009. Migrants remittances and inequality in Central-Eastern Europe. *International Review of Applied Economics*, 23(3), pp. 289- 307. https://doi.org/10.1080/02692170902811710

Goff, M. L and Salomone, S., 2013. Remittances: a lifeline for developing countries? [PDF] Available at: <http://www.ferdi.fr/sites/www.ferdi.fr/files/pictures/le_goff_and_salomone.pdf> [Accessed on 10 February 2020].

Gohou, G., and Soumaré, I. 2012. Does foreign direct investment reduce poverty in Africa and are there regional differences? *Elsevier*, 40(1), pp. 75-95. https://doi.org/10.1016/j.worlddev.2011.05.014

Gubert F., Lassourd, T., and Mesple-Somps, S., 2010. *Do remittances affect poverty and inequality? Evidence from Mali.* Document De Travel DT/2010-08, Paris-Dauphine University.

International Organization for Migration. 2016. *Migration in Southern Africa*. [PDF] Available at: <http://www.europarl.europa.eu/intcoop/acp/2016_botswana/pdf/warn-en.pdf> [Accessed on 10 February 2020].

Jongwanich, J., 2007. *Workers' remittances, economic growth and poverty in developing Asia and the pacific countries*. United Nations, Economic and Social Commission for Asia and the Pacific.

King R., and Ross, L., 2009. Finance and growth: Schumpeter might be right. *Quarterly Journal of Economics*, 108(3), pp. 717-737. https://doi.org/10.2307/2118406

Gokmenoglu, K. K. Apinran, M. O., Taspinar, N., 2018. *Impact of foreign direct investment on human development index in Nigeria.* [online] Available at: <https://www.berjournal.com/impact-of-foreign-direct-investment-on-human-development-index-in-nigeria> [Accessed on 23 February 2020]. https://doi.org/10.20409/berj.2018.90

Grabel, I. 2009. Remittances: Political economy and developmental implications. *International Journal of Political Economy*, 38(4), pp. 86-106. https://doi.org/10.2753/IJP0891-1916380405

Greene, W. H., 2008. *Econometric analysis* (6e), Upper Saddle River: Pearson Prentice Hall.

Jadotte, E., 2009. *International migration, remittances, and labor market outcomes: The case of Haiti.* UNU-WIDER Research Paper, No. 2009-28

Jayaraman, T. K., Choong, C., and Kumar, R., 2011. *Role of remittances in economic development: An empirical study of World's two most remittances dependent Pacific Island economies.* MPRA Paper 33197, University Library of Munich, Germany.

Larsson, P and Ångman, J., 2014. Remittances and development - Empirical evidence from 99 developing countries. [PDF] Available at: <http://www.diva-portal.org/smash/get/diva2:733959/FULLTEXT01.pdf> [Accessed on 13 March 2020].

Le, T., 2011. Remittances for Economic Development: The investment perspective. [PDF] Available at: <http://www.uq.edu.au/economics/mrg/4411.pdf> [Accessed on 23 February 2020].

Lubambu, M.K. 2014. The impacts of remittances on developing countries. [PDF] Available at: <https://www.europarl.europa.eu/RegData/etudes/etudes/join/2014/433786/EXPO-DEVE_ET(2014)433786_EN.pdf> [Accessed on 13 May 2019].

Majeed, M. T., 2016. Migrant remittances and corruption: An empirical analysis. *Pakistan Journal of Applied Economics*, 26(1), pp. 15-41.

Masron, A. T., and Subramaniam, Y., 2018. Remittance and poverty in developing countries. *International Journal of Development Issues*, 17(3), pp. 305-325. https://doi.org/10.1108/IJDI-04-2018-0054

Matuzeviciute, K. and Butkus, M. 2016. Remittances, development level, and long-run economic growth. *Economies*, 4(4), pp. 1-20. https://doi.org/10.3390/economies4040028

McKay, A. and Deshingkar, P., 2014. *Internal remittances and poverty: Further evidence from Africa and Asia.* Migrating out of poverty Research Programme Consortium Working Paper 12.

Mishra, P., 2007. Emigration and wages in source countries: Evidence from Mexico. *Journal of Development Economics*, 82(1), pp. 180–199. https://doi.org/10.1016/j.jdeveco.2005.09.002

Moyo, I., and Nicolau, M. D., 2016. Remittances and development: Zimbabwean migrant teachers in South Africa and their impact on their Zimbabwean families. [online] Available at: <https://aps.journals.ac.za/pub/article/view/862> [Accessed on 02 April 2019]. https://doi.org/10.11564/30-2-862

Murata, A., 2017. International migration and remittances for economic development in Bangladesh: An overview. In: Y. Sawada, M. Mahmud, and N. Kitano, eds. 2017. *Economic and social development of Bangladesh.* Cham: Palgrave Macmillan. pp. 93-113. https://doi.org/10.1007/978-3-319-63838-6_5

Mutume, G., 2019. *Workers' remittances: a boon to development*. [online] Available at: <https://www.un.org/africarenewal/magazine/october-2005/workers%E2%80%99-remittances-boon-development> [Accessed on 14 February 2020].

Nagarajan, S., 2009. *Migration, remittances, and household health: Evidence from South Africa.* Ph.D. dissertation. Department of Economics. George Washington University. Washington, DC

Nyasulu, T. 2017. Harnessing economic impacts of migrant remittances for development in Sub-Saharan Africa: A critical review of the literature. [PDF] Available at: <https://www.sihma.org.za/journals/Nyasulu.pdf> [Accessed on 13 May 2019].

Nyikahadzoi, K., Dzingirai, V and Zamasiya, B., 2019. *Incomes, remittances and implications for the welfare of migrant-sending households in Zimbabwe.* [online] Available at: <http://www.migratingoutofpoverty.org/files/file.php?name=wp64-nyikahadzoi-et-al-2019-incomes-remittances-and-implications-for-the-welfare-of-sending-households-in-zimbabwe.pdf&site=354> [Accessed on 16 July 2019].

Obioma, K. B., Uchenna, A. N., and Kalu, A., 2018. The effect of industrial development on economic growth (An empirical evidence in Nigeria 1973-2013). *European Journal of Business and Management*, 7(13), pp. 170-169.

Page, J., 2008. *Remittances, consumption and investment in Ghana.* Policy Research Working Paper; No. 4515. World Bank, Washington, DC.

Pant, D., 2017. *An analysis of the determinants of remittances and effect of remittance on expenditure behaviour and child welfare in the households of Nepal.* [PDF] <http://centaur.reading.ac.uk/72270/1/14028200_Pant_thesis.pdf> [Accessed on 02 April 2019].

Portes, L. S. V., 2009. Remittances, poverty and inequality. *Journal of Economic Development*, 34(1), pp. 127–140. https://doi.org/10.35866/caujed.2009.34.1.008

Ratha, D., 2013. *The impact of remittances on economic growth and poverty reduction.* Migration Policy Institute. [online] Available at: <https://www.migrationpolicy.org/pubs/Remittances-PovertyReduction.pdf> [Accessed on 04 August 2019].

Ravallion, M., 2007. *Economic growth and poverty reduction: Do poor countries need to worry about inequality? 2020 focus brief on the world's poor and hungry people.* Washington, DC: International Food Policy Research Institute.

Sharma, K., 2009. *The impact of remittances on economic insecurity*. [online] Available at: <https://www.un.org/esa/desa/papers/2009/wp78_2009.pdf> [Accessed on 04 February 2020]

Shire, S. A., 2008. *Somali remittance companies and their clients*. [online] Available at: <https://www.cbd.int/financial/charity/somalia-remittance.pdf> [Accessed on 13 May 2019].

Sithole, S. T., and Dinbabo, F. M., 2016. Exploring the youth migration and food security nexus: Zimbabwean youths in Cape Town, South Africa. *African Human Mobility Review*, 2(2), pp. 512–537.

Singh, S., 2015. *The remittance effect: Do remittances help development*? [online] Available at: <http://www.inquiriesjournal.com/articles/983/the-remittance-effect-do-remittances-help-development> [Accessed on 21 July 2019].

SME Africa, 2016. *How money remittance has leapfrogged Africa's financial industry.* [online] Available at: <https://www.smesouthafrica.co.za/16622/How-fintech-is-disrupting-money-transfer-in-Africa/> [Accessed on 15 March 2020].

Spatafora, N., 2015. *World two current issues facing developing countries*. [PDF] Available at: <http://essays.ssrc.org/remittances_anthology/wp-content/uploads/2009/08/Topic_11_Spatafora.pdf> [Accessed on 10 July 2019].

Stratan, A. 2013. *Development and side effects of remittances in the CIS countries: the case of Republic of Moldova.* CARIM-East RR 2013/25, Robert Schuman Centre for Advanced Studies, European University Institute, San Domenico di Fiesole (FI).

Sumata, C and Cohen, J., 2018. The Congolese diaspora and the politics of remittances. *Remmitances Review*, 3(2), pp. 95-108. https://doi.org/10.33182/rr.v3i2.567

Tevera, D. and Chikanda, A., 2009. Migrant remittances and household survival in Zimbabwe. [PDF] Available at: <http://samponline.org/wp-content/uploads/2016/10/Acrobat51.pdf> [Accessed on 15 March 2020].

United Nations Development Programme, 2019. *Human Development Index and its components.* [online] Available at: <http://hdr.undp.org/en/composite/HDI> [Accessed on 27 March 2020].

Ustubici, A., and Irdam, D., 2012. The impact of remittances on human development: A quantitative analysis and policy implications. *Economics & Sociology*, 5(1), pp. 74-95. https://doi.org/10.14254/2071-789X.2012/5-1/6

Vogel, A., and Korinek, K., 2012. Passing by the girls? Remittance allocation for educational expenditures and social inequality in Nepal's households. *International Migration Review,* 46(1), pp. 61-100. https://doi.org/10.1111/j.1747-7379.2012.00881.x

Williams, R., 2018. *Panel data 4: Fixed effects vs random effects models*. [PDF] Available at: <https://www3.nd.edu/~rwilliam/stats3/Panel04-FixedVsRandom.pdf> [Accessed on 20 August 2019].

Ziesemer, T. H. W., 2012. Worker remittances, migration, accumulation and growth in poor developing countries: Survey and analysis of direct and indirect effects. *Economic Modelling*, 29(2), pp. 103–111. https://doi.org/10.1016/j.econmod.2011.08.013