

**REMITTANCE INFLOWS AND ITS IMPACTS ON HOUSEHOLD
POVERTY IN ZANZIBAR**

AMER HAJI SHEHA

**A THESIS SUBMITTED IN FULFILLMENT OF THE REQUIREMENTS
FOR THE DEGREE OF DOCTOR OF PHILOSOPHY (ECONOMICS) OF
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2018

CERTIFICATION

The undersigned certify that they have read and hereby recommend for acceptance by the Senate of The Open University of Tanzania a thesis titled: **“Remittance Inflows and its Impacts on Household Poverty in Zanzibar”** in fulfilment of the requirements for a Degree of Doctor of Philosophy in Economics of the Open University of Tanzania.

.....

Prof. Matern A. M. Victor

(Principal Supervisor)

.....

Date

.....

Dr. Slaus T. Mwisomba

(Second Supervisor)

.....

Date

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.....

Signature

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Date

DEDICATION

This thesis is dedicated to my parents, their immense love and exemplary caring proved to be beneficial towards where I stand today.

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With regard to the content of this work, I personally remain solely accountable for views articulated in this thesis or any imprecision. Thus, responsibility is completely mine alone and should not be associated with any one of them.

ABSTRACT

The study on Remittance inflows and its Impacts on Household Poverty in Zanzibar was conducted to estimate the volume of remittance inflows; to examine its delivery methods; to assess remittances to individual household incomes and to examine its impacts on reduction of household poverty. It was conducted in six Districts of Unguja and four Districts of Pemba. A total of 400 households, 240 in Unguja and 160 in Pemba were involved in the study. The household questionnaires, institutional questionnaires and interview schedules were used for data collection from the households, beneficiaries and agencies used as channels of remittance receiving. Respondents included heads of households, managers of seven commercial banks, four remittance vendors, staffs of the Planning Commission responsible for coordinating Zanzibar Strategy for Growth and Reduction of Poverty. In the analysis, the study applied t- test analysis and computation of simple statistics. The study findings attested that, significant amount of remittance inflow to Zanzibar in 2012 to a tune of 2.8% of the Country Gross Domestic Product of the same year. It have positive impacts on poverty and therefore, it can be used as a tool to reduce poverty in Zanzibar. Remittances contribute to both investment and consumption. Substantial number of households received remittances, through formal and informal channels are well off compared to non-recipient households. However, a small proportion were used for investment, whereas significant amount used for consumption. The study recommended that the Government should facilitate inflow of remittances, influence economic uses and investment to increase household income and support poverty reduction initiatives in Zanzibar.

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LIST OF ABBREVIATIONS AND ACRONYMS

AfDB	Africa Development Bank
ANC	Ante-Natal Clinic
AECT	Association for Educational Communications and Technology
DAC	Development Assistance Committee
DFID	Department for International Development
ECA	Economic Commission for Africa
ECAC	Europe and Central Asia Countries
EU	European Union
FDI	Foreign Direct Investment
FGD	Focus Group Discussion
GDP	Gross Domestic Product
GER	Gross Enrolment Rate
GNP	Gross National Product
HBS	Household Budget Survey
IADB	Inter-American Development Bank
IFAD	International Fund for Agriculture Development
IFC	International Finance Corporation
ITRS	International Transaction reporting System
MDG	Millennium Development Goals
MIRAB	Migration, Remittances, Aid and Bureaucracy
MKUZA	Mkakati wa Kupunguza Umasikini Zanzibar
MOHSW	Ministry of Health and Social Welfare
MTO	Money Transfer Organizations

MURAB	Migration, Urbanization Remittances, Aid and Bureaucracy
NER	Net Enrolment Rate
NGO	Non-Governmental Organizations
OCGS	Office of Chief Government Statistician
ODA	Overseas Development Agency
OECD	Organization for Economic Cooperation & Development
PHC	Public Health Centers
PHCUs	Public Health Care Units
RGoZ	Revolutionary Government of Zanzibar
SPSS	Statistical Package for Social Science
SSA	Sub Sahara Africa
UAE	United Arab Emirates
UK	United Kingdom
UNCTAD	United Nations Conference on Trade and Development
UNDESA	United nations Department of Economics and Social Affairs
UNICEF	United Nations Children's Fund
URT	United Republic of Tanzania
USA	United States of America
WTO	World Trade Organization
ZACADIA	Zanzibar Canadians Diaspora Association
ZANDIAS	Zanzibar Diaspora in Scandinavia
ZAWA	Zanzibar Welfare Association in the United Kingdom
ZPRP	Zanzibar Poverty Reduction Plan
ZSGRP	Zanzibar Strategy for Growth and Reduction of Poverty

CHAPTER ONE

INTRODUCTION

1.1 Chapter Overview

This Chapter presents introductory part of the study which includes the following Sections: Background to the Study; Statement of the Problem; Objectives of the Study; Significance of the Study; Conceptual Framework, Scope of the Study and Limitations of the Study.

1.2 Background to the Study

Remittance is a historical incidence and it is not a new phenomenon in the world, affiliated to migration, which has forever been part of human history. Many countries in Europe, for example, Italy, Ireland and Spain were heavily dependent on remittances received from their emigrants during the 19th and 20th centuries (Page and Plaza, 2005) In the case of Spain, way back in 1946, remittances amounted to 21 % of all of its current account incomes (Abi, 2012).

In 19th century, remittances have had historical English under the title “Remittance man” that referred to money sent from Britain to a person living away from home such as in a British colony (Ahmed, 2012). Thus, sending money in the opposite direction like today people are using the same terminology. That old meaning is still in use widely, although today's and old usages of the term are opposite.

In America, remittances were historically allied with the younger son attempting to escape the shadow of senior dominated and controlled sons to seek their own fortune as well as proof of worth. Such sons were known as remittance men (Narayan and

Petes, 2007). This background shows positive sides of the term known as remittance man. On the negative side, remittance man, especially in developed countries or even in well-off families was identified as abandoned people with bad habit(s) and immoral behaviours forced to leave away from home to avoid misery in their families. Page and Plaza (2005) reported that, in developing countries, remittances have been growing at a relatively fast pace in recent years. Indeed, in many countries like Pakistan, the Philippines, Bangladesh, Mexico and Nigeria, remittances are now the most important of all sources of external finance. (Ratha and Mohapatra, 2007). Management efforts of remittance inflows in various countries was the result of Coordination of international migration, experiencing in many developing nations. Migration usually practiced by individuals, especially youths who are seeking for better economic opportunities or what they call “a greener pasture” for themselves, their families and relatives.

Available data from several countries indicate that Global officially recorded remittance flows to developing countries reached United States of America dollars (US\$) 372 billion in 2011 (World Bank, 2011). It was an increase of 12.1% over the 2010 figures. Globally, remittance flows including those to high-income countries reached US\$ 501 billion and expected to increase to US\$ 615 billion by 2014 (Ratha, 2012).

Reasons for an upward trend revision of Global remittance are not obvious but include several socio-economic and political factors facing many countries in transition in North Africa and Middle East, (World Bank, 2012).

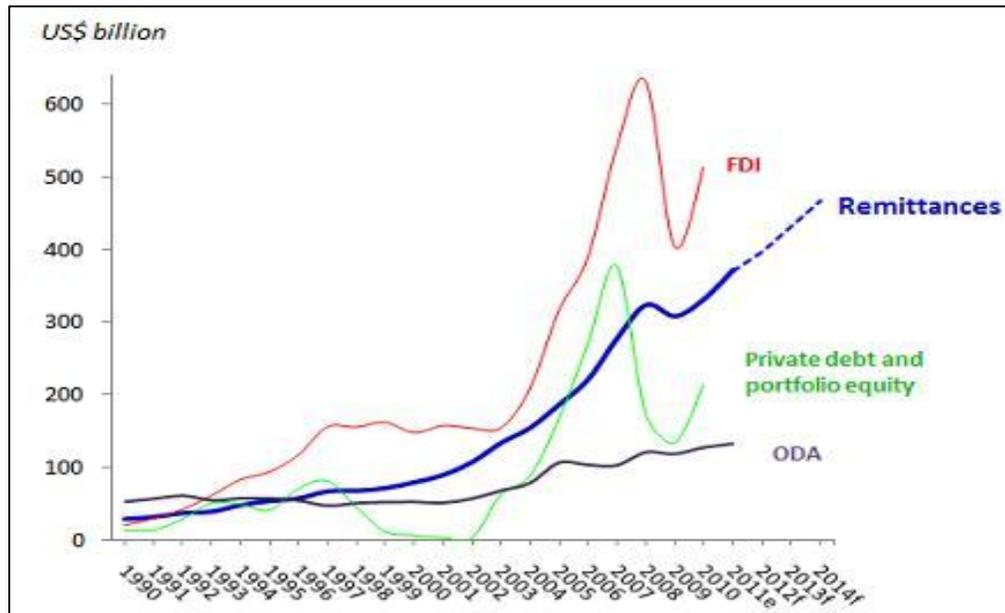


Figure 1.1 Global Trend of Remittances in 2011

Source: World Bank, 2012

Globally, remittances play an important role as a source of financing and foreign exchange. It is also essential for many African households in African countries as well as other developing countries (Ncube, 2013). The United Nations Conference on Trade and Development (UNCTAD) report shows that remittances sent to the poorest countries in the world including 33 African countries increased to US\$ 27 billion in 2011 from US\$ 3.5 billion in 1990. For Africa as a whole, remittance inflows have more than quadrupled since 1990, reaching US\$ 40 billion in 2010 (UNCTAD, 2011). This represents about three percent of Africa's total Gross Domestic Product (GDP). Globally, the amount of remittances reached US\$ 300 billion in 2010, surpassing foreign direct investments (FDI) and official development assistance (ODA) together (Ncube, 2013). However, estimates for figures in Africa are widely believed to be conservative, due to the fact that there is evidence of underreporting because of many

remittance transfers sent through informal channels. Accounting for informal flows could raise the total amount of remittances to Africa by about 50 % if the informal transfer channels are properly reported (Gupta et. al., 2007).

Remittances involve cash money and goods transferred by foreign migrant workers to their home countries so as to support them when they return to their homes or support their family livelihoods (OECD, 2006). For several years, people from Zanzibar have been migrating to various parts of the world. Besides past labour migration and intellectual exile movements, migration from Zanzibar has taken place in different assortments. Zanzibar Diaspora moves to exile in search for employment, education, professional advancement and wedding or for other purposes (RGoZ, 2012a). As such, emigration is largely considered as a means of looking for opportunities

Remittances to poorest countries could play a greater role in broadening and empowering their economies (UNCTAD, 2012). While the amounts are often substantial in Zanzibar, remittances are deposited as money directly into hands of hundreds of poor households, many of whom reside in urban and rural areas beyond the reach of the present formal banking system. While remittances are considered as an important source of income for households in developing countries (UNCTAD, 2011), Zanzibar has also started to realise the importance of migrant workers and Diasporas as sources of financial inflows through remittances (RGoZ, 2012a). The historical processes, political and economic reform processes including the revolution, multiparty elections and economic down turn resulted from the fall of clove prices that minimized the welfare status of the nation, all have influenced on production of migrant workers abroad. As such, those remittances are linked directly to them.

Zanzibar is a cosmopolitan country with diverse ethnic groups from different parts of the world. In addition, there are still strong ties with families and their relatives in India, Seychelles and the Arab world. Moreover, there are several Zanzibaris living in America and Europe, while most of their extended family members have remained in Zanzibar (RGoZ, 2012b). It is a matter of fact that a substantial amount of money flows in Zanzibar as remittances to families of people living abroad.

Apart from the fact that many developing countries have developed poverty reduction strategies including Zanzibar, the relationship and potential that may exist between remittances and poverty reduction is one of the areas that have received less attention in the research agenda. Some researchers taken for granted that there exists a positive relation between these two variables (for example, Caliches and Zeya, 2014; Page and Plaza, 2005; Demas, 2005; Skelton, 2002; Adam and Lage, 2005). However, there are also those who conclude that since remittances are sent by migrants and migration is a costly incident supported, in most cases by middle class and wealthy families, there is no need to study their relationship since remittances have nothing to do with poor families (see Nilsson, 2005; Barry and Overland, 2010).

1.3 Statement of the Problem

Remittances have become relatively an attractive source of foreign earnings for developing countries. While remittances are considered as an important source of income for households in developing countries, migration is a necessary factor toward the influence of remittance inflows. The developing world is experiencing international migration, which is habitually caused by individuals particularly youths who are seeking for better economic opportunities or what they call “a greener

pasture” for themselves, their families and relatives. When the migrants find employment abroad, they normally tend to remit or send a sizeable portion of their earnings or useful material to their families back home. However, very little attention has been paid to know these inflows and the economic impact of these financial transfers, especially on economic growth and household poverty reduction in Zanzibar.

There is scant information on remittances in Zanzibar and hence very little if any document evidence on the impacts of remittance inflows on household poverty. However, it was pointed out that remittance is an important external source of household income in developing countries and therefore, majority of researchers concluded that remittances are positively associated with economic growth (Adams and Page, 2005).

Many available pieces of information on remittances provide experience and empirical evidence on Europe, America, Asia and very few from selected countries in Africa. Literature on remittances and poverty reduction in Tanzania including Zanzibar is seriously scarce. Thus, the study strived to fill in the gap on poverty reduction as a result of remittances in Zanzibar

Although 11.5% of households in Zanzibar depend on cash remittances as their main sources of income (RGOZ, 2010), but the amounts received by such households are still unknown. Also contributions of such remittances received towards poverty reduction are unpredictable. Similarly, there are huge amounts of remittances going

through informal channels, which are neither formally recognized nor measured in terms of number and amount of transactions going through.

The challenges on tracking remittance information are associated with nature of how Zanzibar youths migrate abroad and how they use black marketing remittance system to send money back home. They usually leave the country as well as cheat without official information and sometimes without proper documents. Hence, it is difficult to trace them and guide on the proper uses of remittances toward reduction of household poverty. Consequently, remittance still remains a complex phenomenon in Zanzibar due to the fact that it is lacking proper documentations and it is also an unexplored fact in the sense that the size, model of remitting and its impacts have not yet fully been captured. The inflows are usually channelled through unknown informal channel with a lot of risks to losses because it is rudimentary black market system.

Zanzibar Strategy for Growth and Reduction of Poverty Two (ZSGRP II) set various targets to address poverty by using financial resources, among others, local funding through government budget and foreign aid as sources forecasted to address poverty. However, at community level, homesteads and households where poverty is manifested, substantial amount of remittances in form of money to support their livelihoods are received through informal channels, which are also used for fighting against poverty (RGoZ. 2010).

Lack of an organized remittance transfer system, recording and tracking of remittance inflows are the major obstacle toward effective development uses of remittances in Zanzibar. . But there is potentials to benefit the recipient families and the country at

large. The Revolutionary Government of Zanzibar has recently established a special department under the state house to coordinate Diaspora by providing information on number of Diaspora and the amount of remittances they send home as their contribution in family incomes and national economy. Since information on remittance inflows were not known, its effects on household poverty was also not branded, it implicated a clear knowledge gap. Thus, results from this research will attempt to fill this gap and provide policy options to enhance benefits from remittances for communities as well as those who send them and the nation at large. The study also investigated the channels through which remittances are sent to Zanzibari household.

1.4 Research Objectives

1.4.1 Main Objective

The main objective of this study was to investigate on the remittance inflows and its impacts on household income and poverty reduction in the year 2012 in Zanzibar.

1.4.2 Specific Objectives

This study had the following specific objectives:

- (i) To estimate the volume of remittances inflow in Zanzibar in 2012,
- (ii) To examine the channels used for remittance delivery to Zanzibar household.
- (iii) To assess proportion of remittances into individual household income.
- (iv) To compare the levels of poverty between remittance receiving and non-remittance receiving households and
- (v) Identify the effects of remittances on household income

1.4.3 Research Questions

This study was guided by the following research questions:

- (i) How much remittances received to Zanzibar in 2012?
- (ii) In which channels are the remittances usually dispatched to Zanzibar?
- (iii) How much, on average, households received as remittances income?
- (iv) Is there any difference in the level of poverty between remittance receiving and non-remittance receiving Households?
- (v) What are the effects of remittances on household income?

1.5 Significance of the Study

Results from this study provide insight on volume of remittance inflow in Zanzibar and investigated if it plays any significant role as well as contributes to the theory and knowledge and impacts on policy and in national efforts toward poverty reduction. It is a timely study, which links up with innovative efforts of the Revolutionary Government of Zanzibar of mobilizing and coordinating external resources through Zanzibar Diaspora and economic empowerment programmes.

Through the said initiatives, there is possibility of linking remittances and micro-finance facilities together with investments. Insights in strategies of migrating household members teach how remittances are used as welfare instruments and consequently, how they might contribute to realization of the Zanzibar Poverty Reduction goals. Outcomes from this research made it clear the manner to facilitate 'productive' use of remittances for development and increased welfare. The study also contributes to the existing body of knowledge. A very unique literature in the country

that link up poverty reduction efforts with hidden but powerful financial resources, which can be used right at the household level where poverty manifestations are at the highest level. Thus, this study of impact of remittances on poverty reduction in Zanzibar will bring to light the role played by remittances in the household economy for the country's economic development. In other words, the manner the welfare or poverty status of households changes with receipts from remittances.

All these knowledges contribute to the theory that promotes productive migrant workers as tool for mobilizing external resource inflows. Hence, it will assist policy makers in making concrete decisions on flow of remittances into the country and plan for remittances as part of resources for poverty reduction efforts in Zanzibar. An Impact Chain is a tool which can be used for both reporting on as well as planning a project. It captures the interrelationships between various parts of your activities and impacts

1.6 Theoretical Framework on Remittances and Household Poverty

The framework built on the theory of change and the logical model. It establishes the framework of a project plan or community intervention. The impact chain is broken down into four sections, starting from Inputs: what's needed, activities what gets done, outputs: measure of immediate efforts, outcomes: measure of the intermediate effects and Impact: measure of change of society in our case household welfare.

Theory of change is useful for identifying the data that need to be collected and how they should be analyzed to contribute to achieving the final intended impacts. Hulme, 1999 employed the theory to develop an impact chain model, of which we

conceptualized the flow of remittances and its benefits to see whether it can sustainably contribute into reduction of household poverty as an impact. Certainty, household welfare depends on many different attributes and not just remittances alone. For example, a household may possess some other perceived or unobserved attributes that placed them at better socio economic gain even without inputs of remittances.

A household may possess good human capital with employment and better education that may already give them some advantage. This means that without control for such selection biases and reverses causation then impacts could be over or underestimated. Considering the state of household A and B Therefore a simple comparison of the incidence of poverty in households receiving and households that are not receiving remittances may lead to the erroneous conclusion that remittances have reduced or increased level of poverty. Migration and remittances are the major dependent and independent variables, other factors include household characteristics in education, employment and consumption pattern. Therefore, household selection is the serious issue to note when analyzing the impact of remittances on household welfare so as to separate and capture the assumed causal role, between remittances and welfare improvement.

A simple portrayal, Household “A” received remittances, holding other factors constant, lead to better/ profitable economic ventures resulted into improved outcome which is different from household “B” living without any remittance income. Schematic presentation of remittances and household poverty reduction as follow:

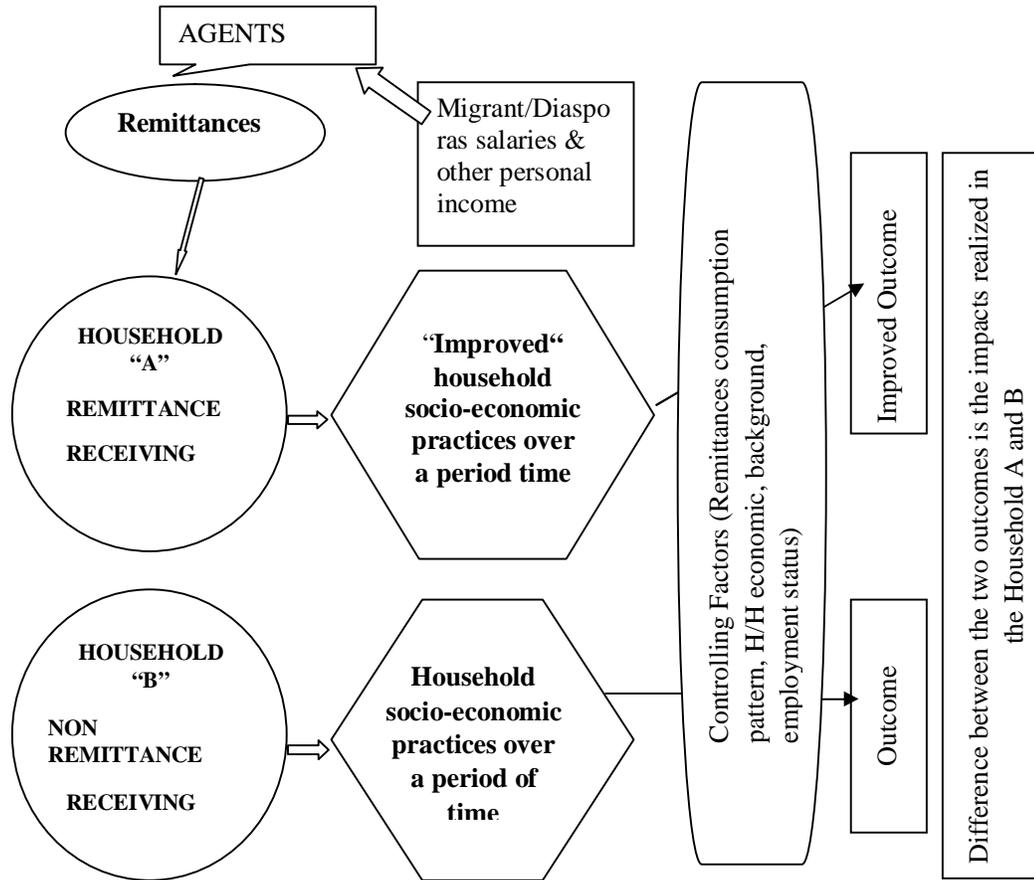


Figure 1.2 Conceptual Framework on Remittances and Poverty Reduction

Source: Adapted from Impact chain Analysis by Hulme, 1999

1.7 Scope and Limitations of the Study

The study was conducted in Zanzibar covering all Districts involving forty (40) Shehias, focusing on the inflows of remittances and its impacts on household poverty in Zanzibar. A micro-level analysis was done comparing the welfare status of four hundred (400) households including remittance receiving and non-receiving households. The scope of the study was widened to find out the inflows through banking systems and remittance vendors, where 7 commercial banks and 4 remittance vendors were involved respectively.

The scope contained these components as sample, with expectation that the study's findings fairly reflected the situation in the remaining mechanisms involved in the transaction and utilization of remittances in Zanzibar and might also be replicated elsewhere. On the study limitations, apart from the obvious limitations experienced in the application of qualitative research approaches, such as lack of control in social research and subjectivity of human error, this study encountered both the following conceptual and practical limitations:

- (i) The study has faced Conceptual limitations primarily concerned with the intrinsic challenges in analyzing the uses and effects of remittances, such as fungibility issues and difficulties in capturing “multiplier” effects, of remittances received to beneficiaries' households. We therefore dealt with direct household beneficiaries on income and non-income impacts.
- (ii) Remittance transactions involve two sides, remittance senders who are normally living outside the country and remittance receivers in Zanzibar. Because the study was done in Zanzibar, it was only able to trace the inflows from the household beneficiaries and remittances transaction institutions in Zanzibar. Involving remittance senders and other similar institutions facilitating remittance businesses would add valued information on this study. However, this was beyond the pecuniary capacity of the researcher. Hence we traced this information from their family members in Zanzibar.
- (iii) The practical limitations were mainly related to the resource constraints and very limited budget of the study. The researcher and all research assistants involved in the study were at the same time working in other institutions, they

were forced to conduct field work after normal working hours covering few household interviews before sun set. We extended days of interview to cover the planned number of sample households.

- (iv) Reluctance to disclose exact number of family members outside the country, accurate amount of remittances and information concerning frequency and use of remittances. This was due to the sensitivity nature of the question on personal income and fearing of the respondents on the legal measures that they think might be taken for those who are living in the country illegally.

To reduce or solve some of these limitations through observation on the benefits realized through remittances especially physical infrastructure and investments. The researcher used routine work and facilities to manage going around various District to solve the problem of resources. Capturing information on household remittance income, the researcher went further to trace income from expenditure side along with revealed household income to verify the amount. Also, we involved ethical consideration in the survey undertaking from the initial stage of designing. During the interview we convinced respondents of the ethics and secrecy of information collected, as such it helps to build understanding and confidence of respondents to give information. Because some of these limitations were realized during pre-testing of questionnaires before the actual survey, research assistants were given techniques to solve them.

1.8 Organization of the Study

This study is presented in six chapters. Chapter one elucidates on the introduction and background of the study, while Chapter Two presents Literature Review. Chapter

Three is about research Methodology. Chapter Four gives results from the Study and Chapter Five is about Discussions. Finally, Chapter Six presents Summary, Conclusion and Recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Overview

This chapter presents theoretical perspectives and empirical review on remittances and poverty reduction nexus. Focus is on the range of issues constituting the motives, determinants, volume, migration and remittances and impacts of remittances on poverty reduction strategies especially the impacts at household level. Finally, the chapter presents Synthesis and research Gap.

2.2 Definition Key Terms and Concepts

This study includes some special key words and concepts, which were used frequently for the purposes of this particular research. Some of them might be used in other field of study in different or purposive meaning, hence it was mandatory to define and outline their meaning as it was used in this study.

2.2.1 Remittances

Include the value of money (cash), food and non-food goods received by the household either from a current migrant, a non-household member or a return migrant. According to Merriam Webster Dictionary (2003), remittance is defined as the act of sending money as a payment for something. Adams et al (2008) defined remittances as money and goods transmitted to households by migrant employees working outside their original communities, either in urban areas or abroad. World Bank (2006) defined remittance as money and/or in kind transfers that migrants send home to family members or beneficiaries, be via formal or informal channels.

Collins Dictionary (2011) defined remittance man as a man living abroad on money sent from home, especially in the days of the British Empire. In Oxford dictionary, remittance man was defined as emigrant supported or assisted through payment of money from their paternal home. Thus, remittance man or remittance woman could mean anyone living in exile or far from home supported by their family/families in a different house, neighbourhood, city or country, regardless of reasons for being away. There are three main types of remittances these are:

(i) Economic remittances:

All remittances such as money and/or in kind remittances used to give more income (Goldring, 2004). They are classified into three categories, the family/individual remittances, collective remittances and investment remittances (Goldring, 2004).

(ii) Social remittances

The terms are used to define and portray cultural as well as social practices of the migrants (Levitt, 2005).

(iii) Technological remittances

Refers to technology and skills brought by migrants (Nichol, 2004) and Political remittances explain changes in political identities together with practices associated with migrants (Goldring, 2004; Fitzgerald, 2002). Remittances have been commonly referred to as funds and/or items (in kind) sent by migrants to their countries of origin via wire, mail or other online transfers. This study adapted definitions to include both remittances money and remittances in kind.

2.2.2 Poverty

Since the study focused on remittances and their impacts on poverty reduction, it is necessary to know about poverty. There are several definitions of poverty but by its nature, poverty is a multidimensional concept that makes it difficult to define precisely. In any form, the definition of poverty can be either in absolute terms below a fixed threshold of income or basic needs satisfaction (absolute poverty) or as relative poverty referring to a specific proportion of median incomes of the population. Criteria can be one dimensional (usually income) or multidimensional deprivation in terms of lack of access to goods and services (Foster, 1998). In the recent past, poverty was frequently defined as inadequate income to purchase the least amount of basket of goods and services (OCGS, 2005).

The UN defines poverty and integrates the concept into human right approach embracing as one. The UN defines poverty as non-fulfilment of any kind of human rights. Thus, underlying the capability approach as a specific conception of what constitutes human well-being as part of human right. Poverty is also defined incompatible with human dignity as the foundation for human rights. Therefore, the state of poverty is denial of all human rights as defined by Costa (2008).

OECD-DAC (2001) defined poverty as people's inability to meet economic, social and other standards of well-being. Poverty is also defined as an unacceptable deprivation in human well-being that can comprise both psychological and social deprivation (World Bank, 2000). Definition of poverty is foundation on basic or fundamental needs, that is, failure to meet basic human needs or to remain deprived from such

needs. Basic human needs include food, clothing, dwelling, health and education. However, nowadays, the modern definition includes lack of opportunities to participate into socio-economic spheres of community life (Riddell, 2004). Because poverty is undesirable states of human life, various countries, international communities and agencies are fighting against poverty and hence come with the term poverty reduction;

(i) Poverty reduction

Is a terminology used to describe promotion of various socio-economic measures that will permanently lift people out of poverty. Measures are intended to raise and enable the poor to create wealth. Since poverty is a widespread phenomenon, economists propose various measures for ending poverty and it is the reason many countries have their poverty reduction papers or strategies with specific actions to reduce the magnitude of poverty. Poverty reduction, or poverty alleviation, has been largely as a result of overall economic growth, although growth by itself does not guarantee poverty reduction (RGOZ, 2010). Poverty Reduction Strategy Papers, which are common nowadays were introduced in the late 1990s by the World Bank (Marrow, 2001)

2.2.3 Migration

Is the movement of the people from the countries of origin to foreign Countries. Migration can occur due to specific reasons including socioeconomic like marriage, business and searching for jobs. Also, political and security reasons influence migration (De Haas, 2007).

(ii) Keynesian Circular flow of Income

Is the circular flow of income and spending which shows connections between different sectors of household economy. It is a term from Keynesian economics that describes uses of income that do not give rise to a further round of incomes. Such uses include saving by individuals or firms, payment of taxes to the government, and purchase of imports from foreigners (Black, et al, 2009)

2.3 Theoretical Analysis on Remittance and Poverty

Theories and concept of remittances as well as significance of remittances to developing countries have been discussed in various literature. Generally, remittances have been observed as one of prominent external sources of income in many developing countries. There is bulky and rapidly growing literature on impacts of remittances on recipient countries (Acosta et. al., 2007). In this study, the analysis shall be based on theories of remittances and those related to poverty as the main concern of the study.

2.3.1 Theories of Remittances

Remittances are largely associated with number of migration, which is a complex phenomenon linked with number of push and pulling factors. Motives to migrate are commonly overlapped with motives to remit. The New Economics of Labour Migration (NELM) suggests a number of theories explaining both phenomena. They argued that migration is a result of collective decision made by members of the migrant's household (De Haas and Fokkema, 2009). In contrast, neoclassical theory suggests that it is an individual's decision such that according to them, an individual migrates when the expected income earnings from going abroad exceeds incomes

obtained at home (Stark and Bloom, 1985). Different theories of remittances advocate that remittances are often sent to compensate for low income households, but, in turn, they may impose a downward bias when estimating their effects on the economic development (for example, rate of growth, poverty and consumption) in recipient countries. Researchers and scholars classified remittance flow into two popular theories, namely, altruism and insurance (Agrawal and Horowitz 1999).

(i) Altruism Theory

Altruism theory of remittance predicts that remittances should diminish gradually over time as economic development in the receiving countries proceeds and the need for outside assistance decreases. Hence, altruism hypothesis foresees a negative relationship between economic conditions in the receiving countries and remittances in the long-run. According to this theory, people migrate, possibly to increase their personal incomes and send remittance money home because they care for those left behind. The theory forecast that, the amount of remittances is reduced as income and consumption in the receiving country increase and the need for assistance thereby gradually decreases (Rapoport and Docquier, 2005).

(ii) Insurance Theory

Insurance theory postulates that households try to diversify their income sources to insure themselves against unanticipated economic shocks. According to this theory, households send migrants to insure themselves against unexpected events, but not to increase their overall income (Lindley, 2008). However, both theories suggest that remittances increase when households are exposed to a temporary economic decline.

According to Agrawal and Horowitz (1999), both hypotheses suggest that remittances are usually sent to compensate for short-run economic declines. There is one important difference between implications of altruism theory that the amount of remittances reduced as income and consumption in the receiving country increase and the need for assistance thereby gradually decreases. Insurance theory has no such implications (Rapoport and Docquier, 2005).

During the field survey, researcher found applicability of both theory on the inflows of remittances. Household receiving remittances based on insurance theory they don't have regular inflows, send remittances only on occasionally upon occurrence of special needs including economic down trend, shocks or disaster. If that had not happen, amount of remittances decreased. In some cases theory used to come back with their money when they visit the Island.

Goldring (2004) classified economic remittances into three categories, namely, Family/Individual remittances, Collective remittances and Investment remittances. Family/Individual remittances are perceived as income sources and therefore, they spent on individual household or family expenses. Because they are seen as income, they will also have a poverty reduction effect (ibid.). On the other hand, collective remittances are raised by a group and are used for investments in order to benefit such particular group or community (Lamba-Nives and Levitt, 2011). They are not observed as an income used for expenses but rather, they are viewed as a source of development. This way of raising funds for development is believed to have a long-term development effect, benefiting the whole area or community. Also remittances sent back by migrants to their home countries for use on specific economic ventures

are investment remittances that have a significant positive effect on investment (Ojapinwa and Odekunle, 2013) and they will be a source that may lead to development.

2.3.2 Theories of Poverty

This study was formulated along with general conception that the major outcome of migrant workers and Diasporas' remittances is increasing income thereby reducing the magnitude of poverty. Thus, it is important to briefly discuss on manifestations and definition along with theories of poverty. Much has been written about the meaning of poverty but, because of its intricacy, many writers and authors feel more confident by just stating its causes or manifestations rather than defining and analysing poverty (Kessyet. al., 2013).

Through various literature sources, frequent visits and experience of several surveys to communities' poverty were explained as the state of deprivation, insecurity and lack of access to basic needs, services as well as rights including lack of adequate food, safe water, clothing and freedom of association and participation. In general terms, poverty embraces inability to attain a minimum standard of decent living. Common basic necessities include food, shelter and clothing. Nonetheless, what is so called as basic needs may be relative to what is feasible, based on past experience and social definition of poverty in community (Bradshaw, 2006). In other cases, basic needs, apart from food, shelter and clothing, include medical care and safety net, which are generally thought necessary based on shared values of human dignity (Bradshaw, 2006). Again, it is well understood that what is a necessity to one person might not be necessity to others.

Essence of poverty is inequality (Valentine, 1969), and its basic meaning is relative deprivation. A social relative definition of poverty in a more flexible manner that allows community or people in particular areas to address critical concerns in their locality (Sen, 1981). While objective definitions are normally concerned in tracking development of one area or society in which an individual lives, and therefore, they differ between countries and over time compared to another area.

Poverty is also viewed in terms of capability deprivation (Kakwani, 2006). On income approach, poverty means lack of income or consumption and lack of basic capabilities to satisfy basic needs when poverty is defined based on capability approach. However, poverty as a multidimensional concept extends beyond income and basic services (Thorbecke, 2005). In developing countries, the issue of poverty is highly profound owing to lack or inadequate governmental funds. Thus, associating remittances with poverty is an attempt especially in developing countries to solicit financial resources so as to support implementation of community development programmes.

References have shown that manifestations and theories of poverty are of many facets, depending on different perspectives. Usually, they relate poverty to lack of resources or qualities required for decent survival (UNICEF, 2012). In other words, poverty demonstrates lack of basic necessities to satisfy human needs. However, social exclusion or marginalization is also an essential element for defining and understanding the meaning of poverty (Saith, 2007). In the essence of this study, the analysis will be focused on two main theories of poverty that is Entitlement theory by Sen (1981) and Simple Reproduction Squeeze theory by Bernstein (2008), which were

considered as the most relevant theories for analysing poverty dimensions in this study.

(i) Entitlement Theory

The theory states that, an individual entitlement relation determines command in terms of commodities. Normally, a person concentrates on legally legitimized entitlements through legal system, society and the general public. Sen (1981) defined entitlements as a set of alternative commodities or complex ways by which an individual or household commands resources in society within the face of his/her right. The theory is among those used to analyse famine and poverty. Ways or means for commanding resources vary between people and time in question together with reaction to the long term trend.

Basically Sen (1981), founded Entitlement theory on the assumption that the system under consideration is an economy with private ownership and exchange in form of trade, exchange between people and production and between man and nature. However, he also accepted social benefits as entitlement relations. The theory is useful to explain poverty effects for different people at household level with disaggregation of differences among the group in the population and people even at the same household (Lenhardt, 2013). Hence, analysis using this theory implicates resources allocation between households. Remittances being one external resources can have effects in the final analysis using Entitlement Theory.

Ideally, there are strong linkages between poverty and environment also explicated in the Entitlement Theory of poverty. Entitlement can be defined as collective outcome

of environmental resources package that the human capital used to produce, own and have power on that particular resource as an individual or as a member of a given community or economic group. All have ability to use those resources package for individual or collective benefit. In that sense, when the individual or community lacks environment entitlement, it may result into vulnerability and end up in poverty.

However, Amartya Sen entitlement theory has been criticized for being static since its analysis does not deeply study forces that configure the existing structural relation in society. It ignores cultural issues, which are similarly important with the legal system. However, entitlement approach needs adjusting to new dynamics of contemporary analysis of poverty (Rubin, 2009).

In spite of those criticisms, the theory can be useful for analysing poverty and remittances especially rural poverty since remittances are believed to be one of issues influencing entitlement and ownership. Remittances can be used to buy assets. By owning assets, especially productive assets, it increases chances for an individual or household to create wealth and it is widely agreed to be a crucial factor in escaping and reduce chances to be trapped into poverty (Miller et. al., 2011).

(ii) Simple Reproduction Squeeze Theory

The theory states that, when production falls in essence of intensification of production owned by bourgeoisie increases cost of production, to maintain capacity of labour and soil productivity, which involve expensive undertakings whereby minimum yields are realized and leave peasant farmers aside, reduce famers' incomes and leave them in poverty (Bernstein, 2008).

Simple Reproduction Squeeze theory examines the state of peasant farmers' yield(s) at the contemporary situation (Bernstein 2008). According to Bernstein (2008), expensive schemes in agricultural production led farmers into commodity relations that forced them to exchange or to pay back for every services and commodity for minimum products they harvested. Hence, trading of agricultural product will decline, diminish prices and reduce household consumption (ibid.). Under these circumstances, remittances in wage employment from relatives outside their home production are greatly important (Bernstein, 2008).

There are criticisms against Bernstein's theory for minimal weight in considering remittances, which are normally used for household production and/or consumption. But the fact remains that remittances can be used for buying agricultural production equipment and paying labour force for land preparation as well as agricultural inputs (Manivonget. al., 2012). These arguments are actually important inputs to the Simple Reproduction Squeeze Theory of Poverty by justifying uses of the theory in the analysis of poverty and remittances. Since it has been pointed out that remittances can be used to buy agricultural inputs and equipment, it is likely that the venture will increase production and incomes thereby reduce poverty.

In a broad sense, theories on causes of poverty can be categorically classified into two: cultural and structural theories of poverty (Jordan, 2004). Cultural theory is based on personalities. Explanations of poverty under cultural theory emanate from the poor themselves that the deprived are in their position more or less because of personal traits (Bradshaw, 2006), which cause individual to fail. Supposed traits range from personality characteristics such as laziness to education levels. It is

always viewed as the individual's personal failure not to climb out of poverty (Ridzi, 2009). Structural theory of poverty presents a contrary argument that poverty is more of system/structural failure (Jordan, 2004). Thus, according to him, most poverty can be traced back to structural factors emanated from key social and economic structural failings, which contribute to poverty.

Simple reproduction squeeze theory was more applicable for analysing remittance in this study because, households in Zanzibar are mainly depends on farming activities. With the low level of technology and low capacity of farming households in Zanzibar, they are always involved in peasantry farming which cannot even support for food their family as indicated in HBS (2010). Therefore, income from remittances can be used to buy agricultural inputs and farm implements to increase production, household income and thereby support to reduce household poverty.

2.4 Empirical Review on Remittance and Poverty

More than 20% of GDP in many developing countries is contributed by remittances (UNCTAD, 2011). In this context, it becomes imperative to estimate the impact of remittances on poverty levels in developing countries. In most cases, migrations is regarded as an opportunity for getting employment, increasing income and in turn amplify remittances, which encompass precious inputs for poverty reduction.

The researcher in this survey used entitlement theory of poverty as propounded by Sen, (1981) as the most appropriate to explain household poverty. The theory is able to disaggregate and show differences between groups of households under the study, that is those who are receiving remittances and households, which are not receiving

any remittances of which in this theory, households are entitled to command resources or remittances in this case for household consumption.

2.4.1 Remittances and Poverty in Global Context

International remittances reduce poverty level in developing countries (Ratha, 2013) In a nutshell, the general understanding is that the greater the volume of remittances sent, the greater US\$ the impact in reducing the poverty levels. The World Bank research demonstrated that a 10% increase in international remittances from each individual migrant will lead to 3.5% decline in the share of people living in poverty (Adam and Page, 2005). Asian countries are leading in the amount of remittances receiving in nominal terms (Figure 2.1). Population of migrants from Asian countries, contribute to larger amount of remittance inflows. India and China were leading with about US\$ 71 and US\$ 60 Billion respectively (World Bank, 2013a). See other larger recipient countries in Figure 2.1.

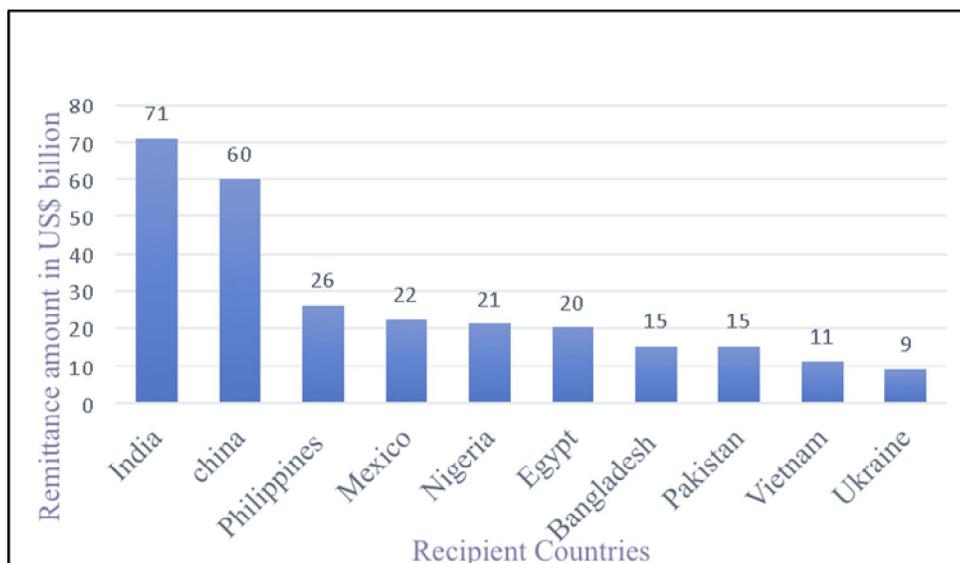


Figure 2.1 The World top 10 recipients of remittances “US\$ Billion”

Source: World Bank, 2013

As a percentage of GDP, the top remittances recipients in 2012 were Tajikistan (48%), Kyrgyz Republic (31%), Lesotho (25%), Nepal (25% each), Moldova (24%), Armenia (21%), Haiti (21%), Samoa (21%), Liberia (20%) and Lebanon (17%) (Figure 2.1).

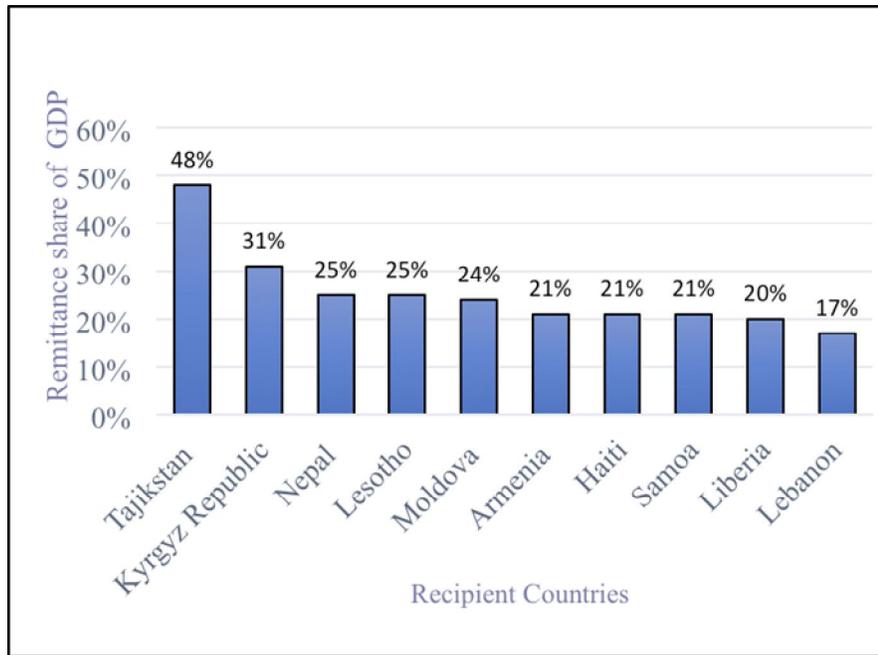


Figure 2.2 The World top 10 Recipients of Remittances in % Share of GDP

Source: The World Bank, Migration and Development Brief, 2012

According to these figures, countries, which are receiving large amounts of remittances and are ranked among the top ten in nominal terms but because of the size of the country's GDP and contribution of other sectors in the country, percentage share of remittances, they do not fall even among top ten in percentage share of GDP.

Contribution of remittances in the country's GDP can be easily traced through national accounts. However, assessing the impacts of remittances on household poverty from both viewpoints of the micro- and macro- levels is still a challenge that needs to be addressed so as to realize full potential of such resources for development of households and country at large.

Socio-economic remittances are believed to reduce poverty through receipt directly flown to the poor and they are stable sources of income, irrespective of the economic condition of the recipient country (Chimhowu et. al., 2003). As such, they help to reduce impact of poverty during the economic hardship. About 69.7% of international migrants reported to send part of their money in order to meet the basic needs of their families back home (Uruci and Gedeshi, 2003).

Adams and Page (2005) found out that international remittances have a strong negative statistical significance on poverty, ten percent increase in the share of remittances in a country's GDP leads to a reduction of 1.6% of people living in poverty. In 2000, remittances assisted to reduce poverty level by 4.2% in El Salvador as well as reduced the Gini coefficient from 0.55 to 0.53 (UNCTAD, 2011).

The poverty gap was narrowed by 19.8% in Guatemala when earnings from international remittances were incorporated as part of the total household incomes (Adams, 2004). About 35% of household incomes in Lesotho come from remittances from family members and relatives living outside the country (World Bank, 2013a). When the country's economic statistics minus or show no remittances received, the average per-capita household consumption would fall by 32% and therefore, would increase the poverty head count index by 26% (Adams, 2007).

Whether remittances are utilized for consumption or purchasing, building or refurbishing houses, trading or used in other forms of investments, they contain positive impact on the country's economy by stimulating market demand for other goods and services (Pant, 2008). In this way, migrants and Diasporas provide different

forms of capital that have developmental impact on their countries of origin. Realized impacts may be in form of financial, social, cultural, political and/or economic impacts and they can be examined at both micro- and macro- levels, like in case of household level and impact on GDP growth, poverty as well as development (Quartey and Blankson, 2004).

Officially recorded remittances to developing countries alone have reached US\$ 406 billion in 2012, a growth of about 6.5% from US\$ 381 billion recorded in 2011 (UNFPA, IOM and UNDESA, 2013). The size of remittance flows to developing countries has increased radically and it is more than three times of official development assistance (World Bank, 2013a). The correct volume of remittance flows, including unrecorded remittances flows through both formal and informal channels is not exactly known, but it is believed to be much larger than expected (World Bank, 2011). India, China and Philippines dominated recipient of remittances in developing countries as Table 2.1 show the shares of remittances among top recipients in developing nations.

Table 2.1: Top 10 recipients of remittances among developing countries in 2012

S/N	Country	Remittances (Amount received in US\$ billions)	Remittances (% age share of top ten countries)
1.	India	70	26.2
2.	China	66	24.7
3.	Philippines	24	9.0
4.	Mexico	24	9.0
5.	Nigeria	21	7.9
6.	Egypt	18	6.7
7.	Pakistan	14	5.2
8.	Bangladesh	14	5.2
9.	Vietnam	9	3.4
10.	Lebanon	7	2.6
Total		267	99.9

Source: The World Bank (2012)

Over 60% of all remittances to developing countries went to India and the Philippines alone. The rest, less than 40%, of remittance inflows went to eight countries, which fall among the top ten recipients of remittances among developing countries in 2012. Nigeria and Egypt were the only African countries in the list of top ten received only 7.9 %and 6.7%, respectively, of all the amounts of remittances received by top ten countries in 2012 (World Bank 2012).

These percentages depend much on the amount of the country's GDP. Countries with larger amounts, even though they received much remittance, their contribution in the share of GDP might be small as observed in case of India and China. The major remittance source countries are Europe, the Gulf Cooperation Council (GCC) countries, Russia and the United States of America (US).

Remittance flows are expected to increase in the next years. It is anticipated that the growth will remain strong in countries that mainly depend on remittance flows from US, Russia and GCC (World Bank, 2012). However, it highly depends on recurring policies on migration and remittances in the destination countries, harsh and intimidating policies that depress flow of migrants in future and thereafter deteriorate remittance flows.

The GCC countries are currently considered to be the highest remitters in the world, collectively defeating the United States, which was traditionally considered as top remitter. The total official recorded remittance outflows from the Gulf countries was over US\$ 75 billion in 2012, which was 50% larger than the sum remitted from the United States for the same year (Naufal and Genc, 2014).

The remittance inflow estimates for 2012 was done by the World Bank based on monthly and quarterly data available from different countries. Estimates were based on migrant stocks, remittance inflows, and growth outlook of the remittance source countries (World Bank, 2012). The percentages growth rate of remittance inflows in many countries were getting momentum and keep on increasing year after the other. However, there was tendency of inflows to fluctuate from 2010 to 2013, the scenario reflected in the estimates and forecast for the years 2014 and 2015, respectively.

Generally, the amount remitted per migrant varies significantly, depending on his or her income, which, in turn, depends on the overall skill and income-level in the host country (Buchenau, 2008). Temporary against permanent migrants also differ in terms of volume they remit to home countries. Pinger and Pia (2007) measured the volume of remittance to the Republic of Moldova by comparing permanent against temporary migrants. Results indicated that temporary migrants remit around 30% more than their permanent counterparts (ibid.). Migrants facing a comparable strong pressure to return home remit significantly more than others (Holst and Schrooten, 2006) even though they often work in lower wage countries. Overall, findings indicated that temporary migration is relatively highly favourable for developing countries because it fosters higher remittances inflow to the migrants' country.

2.4.2 Remittance Inflows to Africa

Remittances are the largest external financial sources to Africa. They have been growing year after another and in 2012, the amount of inflows to Africa reached the highest points that have never been realized before. It was beyond inflows of ODA as well as FDI and constituted 11% of the remittances in the world (World Bank, 2013a).

About US\$ 60.4 billion, 13%, of all remittance inflows to Sub-Saharan Africa are coming within African countries the amount increased from US\$ 56.9 billion in 2011 (OECD, AfDB, UNDP and ECA, 2013).

However, challenges on data availability on informal and unrecorded remittance flows to Africa remain there. Thus, information includes recorded remittance inflows only. The amount of inflows might be even larger when unrecorded flows through formal and informal channels would be included because about 75% of all remittance inflows to Africa are not officially recorded (Spatafora, 2005).

Sub-Saharan African countries have been receiving substantial amounts of remittances. In 2012, for example, the region received about US\$ 31 billion in remittances, the amount, which increased by one percent compared to the year 2011 (World Bank and EU, 2013). Remittance flows in Sub-Saharan Africa (SSA) have been recovering from reduction experienced during the global financial crisis (Arieff, Weiss and Jones, 2010). Over one third of all remittances received to Sub-Saharan African countries were coming from Western Europe (World Bank, 2013a).

Remittances to African countries play an important role to their economies. However, there are very scanty data because many remittance transactions rely on informal channels to send money home. African Migrants and Diaspora are approximately 20 to 30 million adults, who send money back to their homes at about US\$ 40 billion annually to their families and local communities (IFAD, 2006). The amount of remittance inflows in the region surpassed by far the net Official Development Assistance [(ODA) World Bank, 2011].

Experience shows that in many African countries, large amounts of remittances are not paid in banks. There are exclusive arrangements with money transfer companies to operate on behalf of the banks as a result they influence in limited competition and limited access for consumers (Orozco and Millis, 2007). However, nowadays, there a lot of local and international Money Transfer Operators doing the same business and hence, they disrupt the common established money transfer model. Use of mobile and internet communication has also created an alternative system for migrant workers to easily access money transfer services.

Table 2.2: Top Ten Recipients of Remittances in Africa in 2010 (US\$ Billions)

S/No	Country	Amount of remittances received	Percent shares of top ten
1.	Nigeria	10.0 billion	51.1
2.	Sudan	3.2 billion	16.3
3.	Kenya	1.8 billion	9.2
4.	Senegal	1.2 billion	6.1
5.	South Africa	1.0 billion	5.1
6.	Uganda	0.8 billion	4.1
7.	Lesotho	0.5 billion	2.6
8.	Ethiopia	387 million	2.0
9.	Mali	385 million	2.0
10.	Togo	302 million	1.5
	Total	19.6 billion	100

Source: Compiled from Migration and Remittances Fact book (2011).

In Africa, Nigeria was the largest recipient of remittances, accounting for about 51% of the total inflows of remittances in top ten countries in the region in 2012. As such, remittances play a significant role in Nigeria's economy, contributing over nine

percent of the country's GDP. About 50% of remittance flows to Nigeria originated from UK and the US, with the other 40% coming from Chad, Italy, Cameroon, Spain, Germany, Ireland, and Benin (World Bank, 2013a). Table 2.2 shows top ten countries recipients of remittances in 2012.

As a share of Gross Domestic Product, the top recipients in 2009 included the following: Lesotho (26%), Togo (10%), Cape Verde (9%), Guinea-Bissau (9%), Senegal (9%), Gambia (8%), Liberia (6%), Sudan (6%), Nigeria (6%), and Kenya (5%). See the fact in Table 2.3.

Table 2.3: Top Ten Recipients of Remittances in Africa in 2009 as % Share of the Country's GDP

Country	Remittance in percentage share of country GDP	Ranking among top ten
Lesotho	26	1
Togo	10	2
Cape Verde	9	3
Guinea Bissau	9	3
Senegal	9	3
Gambia	8	4
Liberia	6	5
South Sudan	6	5
Nigeria	6	5
Sudan	5	5

Source: Compiled from Migration and Remittances Fact Book (2011)

Table 2.3 indicate that, some countries are receiving large amounts of remittances and they are ranked among the top ten in nominal terms. But because of the size of the

country's GDP and contribution of other sectors in the country, percentage share of remittances seem misleading. Nigeria, for example, was leading in terms of the amount of remittances received, which was only six percent share of the country's GDP. Geographic proximity is a significant determinant of remittances and migration patterns. Such pattern was exposed by large flows of migrants between Mexico and the United States, North Africa and Southern Europe, Eastern European countries and Western Europe and among Middle Eastern countries (Page and Plaza, 2005).

In another vein, cultural, historical and colonial ties together with networks built up over many years also influence large migrant inflows. For example, several Sub-Saharan African countries and their former colonial countries like France, the UK, Belgium and Portugal. Cape Verde, Angola and Mozambique together account for over 20% of the foreign population in Portugal (Page and Plaza, 2006). Cultural, historical and colonial ties with Oman and Zanzibar may influence remittance flows in the same way.

However, the importance of colonial ties has weakened over time, as new destinations for African migrants have emerged. For example, Spain, Italy, the United Arab Emirates (UAE) and Qatar have become new countries of destination for African migrants (Ratha, et. al., 2001). Between 1970s and 1990s, Morocco and Egypt led in the list of remittance recipient countries (Page and Plaza, 2005). By then, most of African remittances were received in North African countries followed by West Africa, Southern Africa and Eastern African countries (Oucho, 2008). Remittances are observed as means for poverty eradication in many African countries (Adepojuet. al., 2008). They have significant and positive socio-economic impacts like on education

for children and long run poverty reduction like in Ghana (Gyimah and Asiedu, 2009). In addition, they are critical to alleviating household poverty like in urban Zimbabwe (Bracking and Sachikonye, 2007). Remittances provide resources for the poor and at the same time they affect poverty including welfare through a whole host of indirect multiplier effects as well as macro-economic effects (Ratha, 2008).

Empirical evidence on remittances attests and supports applicability for both altruism and insurance hypotheses in African context. Through rigorous tests of Insurance Hypothesis, it was found out that remittances to households with drought-sensitive assets in Botswana were positively correlated with both occurrence and the severity of droughts (Lucas and Stark, 1985). Thus, contribution of remittances in African countries proved to be significant in the same like their contribution to raise living standards at household level (Oucho, 2008).

2.4.3 Remittance inflows to Tanzania and Zanzibar

Tanzania and Zanzibar are also among developing countries experiencing migration of labour force especially youths to other countries. Thus, it is obvious that some amounts of remittances are flowing from migrants and Diaspora natives from Tanzania. The average value of remittances for Tanzania from 2005 to 2011 was 26.81 million U.S. dollars with a minimum of 8.99 million U.S. dollars in 2006 and a maximum of 51.37 million U.S. dollars in 2011 (World Bank, 2013a).

In 2010, Tanzania received 42.79 million US\$ and ranked as the 106th country on the amount of remittances received. Worldwide, India was the leading country in the amount of remittances (52,489.00 million US\$) and the least was Vanuatu (only 0.11

million US\$). In East Africa, Uganda ranked 53rd received 768.0 million US\$ and Kenya 54th with 685.76 million US\$ (World Bank, 2011). See the amount of remittance received in Tanzania from 2005 to 2011, see Table 2.4 for details.

Table 2.4: Remittance Received in Tanzania from 2005 to 2011

Year	Amount of remittance received in (US\$ million)	Annual growth in percentage
2005	9.13	--
2006	8.99	-1.56
2007	19.44	116.2
2008	27.50	41.50
2009	28.44	3.42
2010	42.79	50.46
2011	51.37	20.05
Total	187.66	

Source: The World Bank, Global economy 2012

For five years from 2007 to 2011, Table 2.4 indicates that, the total amount of remittance inflows to Tanzania was about 187.7 US\$ million, with an average annual growth of about 33%. The highest growth rate was 50.46% realized in 2010. In regard to growth of remittance inflows in Tanzania, it is exceedingly increasing, with a great hope for sustainable increments for some possible reasons including increases in number of Tanzanian Migrants and Diasporas abroad as well as improving remittance delivery systems and sending through formal channels.

In regard to movement outside Zanzibar, there has been remarkable increase in emigration to Europe, America and Middle East countries in 1990s, mainly due to economic hardship facing many households. However, there were migrant who took

advantage of political instability especially during the elections. In the first multiparty general elections in 1995, some professionals especially those in the medical field migrated to Europe, America and Middle East. Also unskilled Zanzibaris with little education have gone to work in hand factories, as cleaners and other manual labourers abroad. Thereafter, turned to migrant workers keeps on going to work especially in the Middle East Countries (Department of Employment, 2013).

In other countries, remittance inflows have a modest effect on consumption patterns of households (Castaldo and Reilly, 2007). But the extent of which remittances contribute to poverty reduction is an issue that needed a detailed study of which this research sought for. Therefore, migration is considered to be essential to create avenue for employment of young men and support economy of their origin through remittances (Ratha and Mohapatra, 2007). Many developing countries have formalized migration system for job seekers abroad. This is eventually in suspense for increasing inflow of remittances in their countries, Zanzibar is currently doing the same.

2.4.4 Remittances in Small Island States

Zanzibar economy falls under the category of Small Island states of which by its nature, experience limited resource endowments call for unconventional economic system. Based on nature of the isles, remittances play an increasingly important role as part of external resources and reduction of income poverty (Appendix 5a, 5b, 5c and 5d). The group of small developing island states includes countries that are fairly rich such as Singapore and the Bahamas, but there are also some of the poorest countries in the world including countries like the Comoros, Haiti, Kiribati and

Timor-Leste. In these countries, remittances form an important element of disposable incomes (Connell and Brown, 2005). Both rich and poor small island states benefit from remittances received, although the amounts received and their contribution to the country's economy vary, depending on several factors including quantity and quality of migrant workers abroad together with the country's Gross Domestic Product level.

The amount of remittances sent home by migrants and Diasporas living outside their countries varies strongly across Small Island States. In 2011, countries in small island developing states received about US\$ 356 million, on average. On an individual country, the amount is smaller, not more than US\$ 50 million annually (Boto and Biasca, 2012). Generally, the larger three countries among small island states, namely, Jamaica, Haiti and Dominican Republic received a larger share of remittances than the rest of Small Island Developing States.

Remittances are important external resources to every recipient country and they are particularly more important in households and smaller states. In many Small Island States, remittances have been considered to be essential resources in that they constitute a country's socio-economic strategy. Some Island States like Kiribati, Tokelau, Tuvalu and Cook Islands in Pacific Ocean, together have been commonly known as MIRAB nations, as such in these Island States, migration, remittances, aid and consequential largely urban bureaucracy formed an essential part to their socio-economic structure (Connell, 2005). This concept was realized to function very well and successful to the extent that other island states like Tonga as well as Samoa adopted the same and somehow they were further applied in other states where

remittances also constituted the highest percentage countries' Gross National Product (GNP) in the world (Oliver and Herisser, 2007).

Most of the island nations proposed centralization of migration and remittances in the island states. The centralized system remained there for years and later another acronym (MURAB) Migration, Urbanization Remittances, Aid and was propounded to emphasise urbanization within the island states specifically Tuvalu Island in Pacific Ocean (Connell and Brown, 2005). Centralization of migration and remittances in small island states is very possible and in fact, smallness of the islands like Zanzibar facilitates easy transactions and recording of remittance inflows.

Like in Zanzibar, Tuvalu Island was among major producers of copra and it contributed about a half of the country's income. Due to fall in price of copra in the world market, the shift to bank on remittances and their contribution in the national income of Tuvalu Island increased from about a half in 1970s and 1980s to about 75% in 1990s (Connell and Brown, 2005). Zanzibar can adopt such measures to increase its income through remittances.

About 30% of household in Kiribati Island received remittances in the year 2000 as their primary source of income; whereas in Tuvalu, 35% received remittances and they are the main sources of income in both countries (Firth, 2006). A comparable situation was happening in other island states (Connell and Brown, 2005). On spending, most of the funds sent as remittances in developing states are used for consumption and few amounts are directed to micro-enterprises and small investments. However, Connell and Brown (2005) as well as Randazzo and Piracha

(2014) presented an alternative perception on remittance spending that it is not easy to account for remittances spending and hence, they cannot be differentiated with other expenditures. Remittances are also used as business start-up funds in Samoa such that they are used as capital to buy fertilizers and food production equipment (IFC, 2010; Connell and Brown, 2005). In Tonga, remittances are used in agriculture and tourism, especially in rural areas (Taufatofua, 2011).

This has proved that there is a contemporary shift of uses of part of remittances from consumption to investment purposes. In Kerala, India, out of 400 farm households, 32% received remittances of which 21% invested remittances in the farm sector and therefore between 2006 and 2010, farmers in the area invested a total of 82 582 Euro remittances in irrigation facilities, farm inputs and machinery (Pohle and Knerr, 2013).

Thus, in many Small Island States, remittances have been used for consumption as well as for investment purposes. They are used in various forms of investments like in the agricultural and businesses sectors but mostly in the service sector as part of building social capital. In Tonga, community remittances were used for construction of common facilities like schools and markets and later on, many households used remittances as investments in their market stalls built using remittances and diversified household economy (McKenzie et. al., 2006).

Traditionally, remittance recipients make efforts to invest wherever possible. In Kiribati Islands, most remittances are sent for providing basic needs although a number of recipients sought to save some part of incomes to invest in land purchase,

doughnut bakeries and other small scale economic activities to support their families (Firth, 2006; Borovnik, 2005).

In most cases, it is often assumed that there is no desire to maximize remittances or even improve income sources. Hence, islanders become perceived as somewhat irrational or even lazy (Firth, 2006; Connell, 2005). Most of migrant workers in the study area observed their fellows at home countries failed to take proper economic advantage of available resources at home and remained lazy, waiting for remittances for their survival.

Gradually, successful development of small businesses provides incentives for Diasporas and migrants who have sent remittances to return home as well as manage those businesses (Johnson et. al., 2009). The assessment in the individual households indicated that mmigrant workers, especially those with highly demanded professions like medical and those employed in skilled jobs, provide reasonable amounts of remittances back home and upon investments in small businesses, they influence on possibility to return home. There are possibilities for such businesses to grow, employ other household members and contribute to development of neighboring community.

All in all, uses and structure of remittances have changed periodically over time, with significant intergenerational shifts and changes in their structure. Originally, remittances were sent to parents as it was happening in the many Pacific Islands. In economic sense, that can be seen as repayment for their past investments in the human capital of the migrant or Diasporas. Socially, it is usually expressed as duty, loyalty and obligation of migrants and Diasporas to maintain family ties (Firth, 2006).

A second wave of remittances afterward was highly liable to be dominated by brothers, sisters and children. In that phase, it might had gone together with a turn down in volume of remittances and decline of remittances to the family after death of parents seemed obvious (Lindley, 2006). The third and final phase represents payments of remittances mostly to spouses and indirectly via investments to the remitters themselves, as return migrants and/or when the retirement comes closer (Buchenau, 2008). In this case, increase or decrease of remittances in any structure entails sacrifices and it is done to favour attention as well as senders' interest (Firth, 2006).

2.5 Remittance Data Sources and Estimation Methods

It is well understood that difficulties in getting highly accurate remittance data sources is one the biggest impediment to improve data on remittances. Selection of data collection methods for this study was made after a critical analysis of various remittance data sources and the methods used to estimate inflow of remittances. thus, any research undertaking and scheme for improving remittances data should review current sources of data, assess possible other data sources available and develop a data improvement strategy based on data needs, priorities as well as possible resource constraints.

The quality remittance data like any other statistical data is often measured based on their accuracy, frequency, coverage and timeliness. It is also imperative to consider costs and other practical hindrances (Jones, 2006). Statistical Office of the European Communities proposed a number of approaches for collection and obtaining remittances data, including the following:

- (i) International Transactions Reporting System (ITRS),
- (ii) Direct Reporting by Remittance Service Providers,
- (iii) Household Surveys and
- (iv) Use of Secondary Source data (such as demographic, administrative, and macroeconomic data).

All approaches need reliable information on migrant workers in order to be able to collect quality data of remittances.

2.5.1 International Transactions Reporting System (ITRS)

This system is part of the broad institutional data collection structure of many countries. Where an ITRS exists, used and produces useful data, compilers are confident to evaluate its usefulness in estimating remittance inflows.

According to International remittance transaction guide collection, data are normally obtained from banks and local vendors or enterprises for individual level transaction and the system varies from complete closed systems to open systems. A statistical office of European Communities (2009) reported that, a complete closed ITRS collects data on all resident and non-resident transactions as well as reconciles them with corresponding changes in asset or liability positions.

Therefore, it is necessary to include both cash transactions (which are reconciled with resident banks' foreign currency positions) and non-cash transactions, which are reconciled with other assets and liabilities with non-residents. Remittance transactions are normally done through international payment systems. In countries with both

foreign exchange controls and an ITRS, the transactions are routed through banking system or other institutions with foreign exchange business licenses (OECD, 2009). Therefore, ITRS is considered as important compilers and efficient source of information. Provided that the ITRS is reliable, compilers focus on records of intermediary banks that carry out cross-border payments on behalf of other remittance service providers [for example, Money Transfer Organizations (MTOs) and credit unions] or on their own behalves in order to obtain remittances data. Thus, ITRS can only capture information reported by participating institutions through which funds are transferred. In Tanzania and Zanzibar, like in many countries in the world, apart from banks, remittances are transferred through cellular phone communication. There are several remittance aggregates passing through ITRS. Table 2.5 presents some common remittance aggregates of collection of remittance data:

Table 2.5 Coverage of Remittance Aggregates through ITRS

Remittances aggregate	Data obtained from ITRS	Data obtained from the study
Personal Transfer	Current transfer through ITRS reporters (i.e. banks & financial institutions), net settlement of other formal channels (e.g. money transfer operation) no information on transaction through other channels or transfer in kind	Current transfer through ITRS reporters i.e. banks and net settlement of other formal channels (e.g. money transfer operation, specifically Western Union)
Personal Remittances	Current and Capital transfer through ITRS operators coverage of compositions of employees or expenditure related to short term work abroad (travel, taxes etc.) in only exceptional cases (when payments are made through reporting bank and non-resident workers identified)	Not applied in this Study
Total Remittances	Current and capital transfer to house hold, including social benefit and transfer from NPIHS	Current and capital transfer to household
Total remittance & Transfer to NPIHS	Current and Capital transfer to house hold including social benefits and transfer from NPIHS as well as current and capital transfer to NPIHS.	Current and Capital transfer to house hold including social benefits current and capital transfer to NPIHS and transfer from NPIHS

Source: IMF (2009)

Despite of wide sources and detail coverage of remittance data, ITRS cannot be effective sources and methods of remittance data collection in absence of a suitable legal framework that will certify that foreign transactions are channelled through approved licensed intermediaries. Also intermediaries report transactions of remittance data in an accurate and timely manner such that an imperfect coverage and delayed reporting will lead to substandard as well as low-quality data.

On implementation of ITRS, some pieces of information are more important and ideally, they should be collected in order to ensure quality of the data. They include reference numbers for the transaction, reference period, identity of a person making transactions, identity of the bank accepting the information from the client, direction of the transaction (where the transaction/remittance should go), and the currency used as well as its value, the purpose of the transaction and the country of the non-resident party (IMF, 2009)

Not all ITRS frameworks allow smaller transactions. However, the frameworks allow reporting smaller transactions in form of aggregate, with only larger transaction reported individually, a pattern, makes detection of errors highly difficult in case of loss of information. Remittance data can be submitted electronically in many forms like spreadsheets by using specific software or an online data base. The reporting system should include coding classified data accordingly. Through this system, it makes ITRS greatly efficient. ITRS is considered strong and efficient sources of data that may present significant advantages as the basic system for compilation of remittances because of timeliness and periodicity, Also, because of cost-effectiveness, data accuracy and data accessibility.

However, it is also exposed to some weaknesses including omissions especially household transactions made through informal channels, misclassification of transactions and loss of information owing to reporting thresholds. All are major issues regarding comprehensiveness for compilation of remittance data. Literally, ITRS may face difficulties if it lacks bilateral data from reliable sources on partner countries (IMF, 2009).

2.5.2 Direct Reporting by Remittance Service Providers

Direct reporting by remittance service providers refers to a system of getting data from a group of remittance transactions service providers directly instead of an indirect system of getting data from settlement facilities. This system has advantages compared with remittances compilation based on an ITRS only. It includes better information on gross flows (inward and outward), greater details, accuracy of the data and cost effectiveness (IMF, 2009). Direct reporting is a promising approach for collecting data on operations of MTOs with good detail on individual remittance payments. Direct reporting is usually not expensive for reporters and compilers. Monthly data are often available shortly after the end of the reference period. Data obtained from MTOs through direct reporting are more reliable than those from other data sources. Also direct reporting by MTOs is a very useful tool for addressing weaknesses of other data sources (IMF, 2009).

2.5.3 Household Surveys

Well-designed household surveys can be a useful source of information for compilers of remittance data. The surveys can be used to get better quality data directly, and present full insights into the nature of flows of remittances and their impact. The

reasons include that they can provide detailed information on the mode of transaction, the volume and direction of flows. They may be useful as a direct data source, to improve correctness of estimation, to better understand remittance flow system, and to provide estimates of parameters to be used for econometric modelling techniques (IMF, 2009).

Several options for using household surveys can be used to get information on remittances through households receiving remittances and those who are sending. Such survey can also use existing data from various studies that include specialized questions or modules normally done with national representation. However, in many countries, appropriate surveys may not exist or where existing, they may not be conducted on a regular basis. Like the survey done in this study, household surveys offer an opportunity to collect data on remittances and other related socio-economic variables. Such variables like migration, employment status, social background including relationship with the family of origin and purposes on which remittances are made (Plaza, et al, 2011).

2.5.4 Method for Estimation of Total Remittances

In absence of systematic studies on magnitude of informal and unrecorded remittances, it is not easy to assess their impact or policy significance of efforts to move them into formal financial channels. Econometric techniques can be used to estimate informal unrecorded remittance inflows using data on migration and remittances for developing countries (Page and Plaza, 2005). Adams and Page (2005) data revealed two types of situations in which it is likely that international remittances are underreported: first, observations where there is international migration but no

recorded official remittances; and second, observations where international migration as a share of country population is much larger than official remittances in the limelight share of the country's GDP. In each of these situations, it is likely that there is a large volume of informal, unofficial international remittances flowing back to the labour-exporting countries.

Based on Page and Plaza (2005), to predict total remittances and hence, derive an estimate of unofficial, unreported remittances, it has to be assumed that recorded remittances are less than or equal to total remittances. Also it has to be assumed that remittances per migrant in the labour-importing country are proportional to per capita income in the labour-exporting country and influenced by other factors such as educational level and macro-economic stability of the labour-exporting country. If these assumptions hold, country's observations that have high levels of official remittances as a share of GDP relative to the share of migrants in the population, controlling for other migrant and macro-economic characteristics, are likely to define the "true" relationship between total remittances and these variables. These observations define an "outer-bound" relationship between total remittances (official and unofficial) and their determinants (Adams and Page, 2005).

To predict total remittances (official and unofficial), Adams and Page (2005) suggest the following equation for the observations in data set which has positive values for both migrants as a share of population and official remittances as a share of GDP:

$$(1) \text{ REM}_{it} = a_0 + a_1 \text{MIG}_{it} + a_2 \text{BM}_{it} + a_3 \text{EDS}_{it} + b_j \text{D}_j + e \quad (i=1, \dots, N; \quad t=1, \dots, N) \\ (j=1 \dots 5).$$

For labour-exporting country i at time t , REM is the share of official recorded remittances in country's GDP. MIG is migrants as share of the country's population, BM is the black market exchange rate premium (black market rate/official exchange rate-1) x 100) in the country. EDS is the share of the country's population over 25 years that has completed secondary education, and e is an asymmetric error term that constrains most observations to lie below the regression plane. Five regional dummy variables, D_j are also included in the model to allow for fixed effects.

From the economic standpoint, the level of international remittances received in a country depends heavily on the number of migrants produced by that country. The relationship between remittances share and share of migrants in equation (1), therefore, should be positive and significant. Various studies have suggested that the larger the black-market premium (that is, the difference between black market and official exchange rates), the more remittances will be forwarded through unofficial, rather than official channels.

2.6 Remittances, Economic Growth and Poverty Reduction Initiatives

Different understanding of poverty lead to different approaches and ways of thinking about poverty and hence, different ways to address it. Strategies for poverty reduction vary considerably, depending on the nature and magnitude of poverty prevailing in the particular country or community. In whatever approach used to address poverty, resources are essential requirements for effective implementation of the strategies. In this research, remittances were considered as vital resources for poverty reduction. Many poverty reduction strategies characterized poverty in multidimensional views in a manner that can help to observe poverty in relation to its causes, context and

consequences (Townsend, 2005). Generally, poverty reduction strategies have been agreed upon by the international community as one of the precedence ambition of development.

However, there is little agreement about poverty and the manner it should be measured (Laderchiet. al., 2003). There are many poverty reduction strategies using remittances as one of sources of financing their poverty reduction activities. The Organization for Economic Cooperation & Development (OECD) attempted to address poverty in a multidimensional style and proposed capabilities framework in its Poverty Reduction Guidelines with five groups of capabilities that facilitate people to break out of poverty. In the guidelines, the intension was to build economic capabilities - material well-being and social status including the ability to earn income, to consume and to own assets (OECD, 2001).

Human capabilities that are based on building human capital on education, health, nutrition, provision of safe as well as clean water and shelter all are essential elements of well-being (OECD, 2001). Protective capabilities allow people to manage and control economic or other related shocks that may threaten to push them into poverty and destitution (Figure 2.5).

In principle, the concept was built based on Amartya Sen's idea of capabilities theory with more thinking on factors affecting people's poverty. Accordingly, all socio-economic factors touching people's poverty through transmission channels such as prices (production, consumption, wages); employment both formal and informal; transfers (through taxes, social protection and private remittances) access to public

services, infrastructure and utilities; authority (formal organizations, informal relations); and assets (physical, natural, social, cultural as well as financial) (OECD, 2007), all are considered to affect poverty level. In another way around, they are used as tools for improvement in poverty reduction.

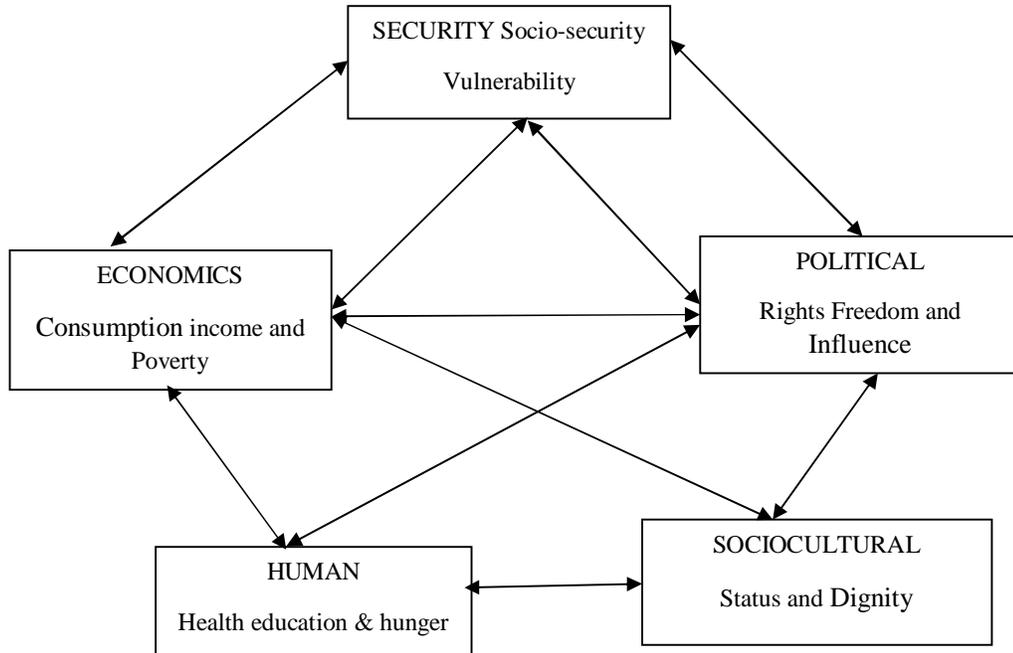


Figure 2.3: Schematic Presentation of the Poverty Capability Framework

Source: (OECD 2001)

Many poverty reduction strategies include growth components, which are used strategically so as to share part of the national income to finance pro-poor sectors to reduce poverty. Remittances embody an important source for poverty reduction and amplify economic development, especially when resources directed into productive ventures (Ratha and Mohapatra, 2007). Remittances can generate positive results in growth by increasing consumption level or escalating investment and therefore it promote growth through consumption of goods and services bought in the domestic markets (Johnson, 2010; Lopez et. al., 2007).

The notion that most remittances are spent on consumption and non-investment ventures is also about supporting and enhancing ability of households to spend on health, housing and nutrition to augment household productivity as well as stimulate economic growth over the long-run (Ratha, 2013). Also they support growth of local markets, credit services and help poor households to minimize liquidity constraints (Giuliano and Ruiz-Arranz, 2006; Ambrosius, 2012, and Richter, 2008). In addition, they contribute significantly to domestic savings and investments, especially in the small island economies (Connell, 2005) and contribute to poverty reduction efforts.

Empirical evidence of the impact of remittances on economic growth in several literature sources shows mixed results. However, majority indicate that there are positive impacts of remittances on economic growth (Ratha, 2003). Also it is upheld that remittances provide alternative financing for investments in Latin American countries (Fayissa and Nsiah, 2010).

However, another school of thought holds that large amounts of remittance inflows, like any other foreign currency inflows, can cause currency appreciation over the real exchange rate and raise the price of traditional exports thereby influence on imports to be highly expensive (Ratha and Mohapatra, 2007). Moreover, Lopez and colleagues (2007) as well as Barajas and co-authors (2009) attested that empirical evidence of 'Dutch Disease' effects of remittances is not explicitly observed.

In Zanzibar's Poverty Reduction Plan, two types of poverty were reflected as income and non-income poverty (RGoZ, 2005). Strategies to address them were focused on provision and improving access to social services as well as raising income through

productive and economic activities. In due regard, six sectors were considered to be priority sectors emphasized as pathways out of poverty (RGoZ, 2005). The successor plans, Zanzibar Strategies for Growth and Reduction of Poverty I and II, were cluster-based strategies with sharper and highly focused quantifiable goals, targets as well as interventions (RGoZ, 2010). Unfortunately, on financing part of the strategies, remittances were not identified as prominent sources of income, though the fact remains that they are significant to poverty reduction strategies, especially at household level.

2.6.1 The context of Zanzibar Strategy for Growth and Reduction of Poverty

This is the government strategy developed with an aspiration to improve people's living standards and welfare. It encompasses medium term strategies employed as instruments for guiding implementation of essential actions to conquer Development Vision 2020 aimed at conveying the country into a middle income country (RGoZ, 2010).

Prior to the current strategy, the government adopted a three-year medium term, the Zanzibar Poverty Reduction Plan (ZPRP), which was primarily, focused on strategic priority sectors reckoned to have rapid and direct impact on household poverty reduction in the Isles. In due regard, the sectors received serious attention and they were allocated with more resources than other sectors so as to realise the intended objectives, (RGoZ, 2005).

The plan last up to 2005, and it was subsequently followed by institutionalization and implementation of Zanzibar Strategy for Growth and Reduction of Poverty (ZSGRP I)

in 2007. Unlike the ZPRP, Zanzibar Strategy for Growth and Reduction of Poverty I (ZSGRP I), commonly known as MKUZA, was an outcome-based and thus, it clustered strategies including interventions around linked goals and desired outcomes similarly for reducing both income and non-income poverty.

Zanzibar Strategy for Growth and Reduction of Poverty II (ZSGRP II) came into implementation in 2010 as a predecessor of the ZSGRP I. It took advantages and bridged inequalities as well as deficiencies realised during implementation of the former strategies. It was designed to be sharper with effective operational targets to facilitate quantitative and qualitative measurement and monitoring of the results, build on a similar cluster of Growth and Reduction of Income Poverty, Wellbeing and Social Services and Good Governance and National Unity (ZSGRP II, 2010).

The ZSGRP II shall undergo review after completion of five years of implementation. Together with Millennium Development Goals (MDGs), results of the same shall input into post MDGs development agenda and the next circle of development framework. Evaluation of both strategies have realised marginal decreases in poverty level and welfare indicators. As such, efforts for poverty reduction were pronounced through attaining high and broad-economic growth. (ZSGRP II, 2010).

Financing of both ZSGRP I and II was among critical challenges hold back implementation of the strategies. The strategies were financed primarily from limited domestic resources. About two thirds of the resources were mobilized from internal arrangements for implementation of both strategies. However, comparatively, ZSGRP I was not adequately funded compared to ZSGRP II. Apart from expanding resource

base from a range of domestic and foreign sources, ZSGRP II never fulfilled funding requirements for successful implementation of the strategy and hence, it obstructed the strategy to achieve desired targets. (ZSGRP II, 2010).

The desire for this study was linked specifically to look into other sources of financing the ZSGRP, particularly use of remittance and how it can be effective to support household poverty reduction, especially at community level where most of community and private remittances are channelled. It is a sort of innovative financing that will allow some of the projects designed for community development under cluster two of the ZSGRP, for example, Health and education projects to be implemented given a well-organized framework in place.

2.7 Migration, Remittances and Poverty

By definition, migration is a change of residence, accompanied by crossing one of the boundaries of a migration-defined area. There are two scenarios, the “optimistic” and “pessimistic” views, which present possible impacts of migration remittances on poverty (Hoti, 2009; Shroff, 2009). The optimistic scenario is that migration reduces poverty in source areas where migrants come from and normally, this happens by shifting working population from low-income rural areas to the relatively high income urban or country's economy area(s).(DFID, 2007).

Income from remittances sent by migrants to their country contributes to incomes of their households in migrant-source areas (De Haas, 2007). If remittances are significant sources of income and if some migrants originate from poor households, then logically, remittances may reduce rural poverty (Wouterse, 2008). The

pessimistic view upholds that most households, especially in rural areas, are poor such that they face liquidity, risk and perhaps other constraints, which obstruct their access to migrate especially international migration due to high transport costs (DeWind and Holdaway, 2008).

Migration and remittances are two dependent variables that go together and as such, there is no way to study remittances and totally skip migration issues. Migration, remittances and poverty are inextricably linked together. When migration is doing well, migrants remit and hence, positive effects on families left behind can be realized (De Haas, 2007) particularly children, for example, by lowering child mortality and facilitate education (Chauvetet. al., 2009). Successful migration depends on several issues including regular flow of remittances and financial support to the family back home, formation of strong affective and effective ties including communications links between the migrant workers and those who stay back home (Lonescu, 2005).

As a result, they contribute in social, human and economic development (Lonescu, 2005). Without such strong ties and close communication links, migrants may not be motivated to remit funds. Therefore, policy interventions aimed at increasing benefit of remittances should aim at facilitating such links. Many factors can influence on flow of remittances, migration being the first necessary factor in order for remittances to survive.

The World has been experiencing a rampant increase in migration due to various push and pulling factors existing in the world. The push factors are factors that compel a person, due to different reasons, to leave that place and go to some other place. The

common push factors are low productivity, unemployment and underdevelopment, poor economic conditions, lack of opportunities for advancement, exhaustion of natural resources and natural calamities.

The Pull Factors are factors which attract the migrants to an area. Opportunities for better employment, higher wages, facilities, better working conditions and attractive amenities are pull factors of an area (King, 2007). Despite abundance of literature on migration, the subject is still extremely complex. Proponents agree that migration is a multi-faceted phenomenon and therefore, it needs multiple theories for detailed analysis (see Kurecova, 2011; De Haas, 2008). In general terms, migration involves movement of a person (migrant) across defined boundaries for a specified time period, though it is understood like that, there is no single definition of migration applied everywhere (Cross, 2006).

Migration can be classified as internal migration (movement within the borders of a country) or international migration (crossing a border between countries). The New Economics of Migration theory distinguished migration as a household rather than an individual decision, which is undertaken as part of family risk management strategy aimed at increasing and diversification of income (De Haas, 2007, 2008; Harttgen and Klasen, 2008). De Haas considered Migration as a risk management strategy due to the fact that remittance flows are usually associated with migration as a return on migrants.

Voluntary international migration is an old age phenomenon. In 19th century and early 20th century, the world experienced mass movements of people from Europe to North

America and Australia (Ahmed, 2012). Nowadays, there are various reasons influencing flow of migrants from developing to developed countries including economic, political and personal reasons (Page and Plaza, 2005). Migration flows from the South to the North in these centuries have been mainly fuelled by economic and political instability in a number of countries (Castles and Wise, 2007). Such countries include Central Europe, Eastern Europe and Africa whereby strong economic situations in developed countries and broadening of the income gap between developed and developing countries, reduced transport costs and easy communications, making people more aware of opportunities available in other countries influenced people to move (Castles and Wise, 2007).

There are more people than ever living abroad. In 2013, 232 million people or 3.2% of the world's population were international migrants, compared with 175 million in the year 2000 and 154 million in 1990 (UNDESA, 2013). The number of international migrants in the world raised from 76 million in 1960 to 82 million in 1970, then more than doubled to 174.9 million in 2000 and reached 215 million in 2010 (World Bank, 2010). Accordingly, Asia and Europe together host nearly two-thirds of all international migrants, worldwide. Europe remains the most famous destination hosted 72 million international migrants in 2013, compared to 71 million in Asia. Since 1990, Northern America recorded the largest gain in absolute number of international migrants, adding 25 million and experienced the fastest growth in migrant stock by an average of 2.8% annually (UNDESA, 2013).

Increased demand for foreign labor by oil industry in oil producing countries in Western and Southern Asia together with rapid growing economies in countries such

as Malaysia, Singapore and Thailand have fueled the largest increase in international migrants since 2000; as a result the region has received 20 million migrants in 13 years (UNDESA, 2013). However, there are also significant changes in geographical composition of migrant flows.

More Asians are looking for job opportunities in other Asian countries and Latin Americans are turning to Europe for work opportunities (Page and Plaza, 2005). Statistics on migration in the year 2013. Table 2.6 indicated that about half of all international migrants lived in 10 countries, with the US hosting the largest number (45.8 million), followed by the Russian Federation (11 million); Germany (9.8 million); Saudi Arabia (9.1 million); United Arab Emirates (7.8 million); United Kingdom (7.8 million); France (7.4 million); Canada (7.3 million); Australia (6.5 million); and Spain (6.5 million).

Table 2.6 Number of Migrants Living in Top Ten Hosting Countries in 2013

S/No	Migrants hosting countries	Number of migrants	Migrants percentage
1.	United States of America	45 800 000	38.5
2.	Russia Federation	11 000 000	9.2
3.	Germany	9 800 000	8.2
4.	Saud Arabia	9 100 000	7.6
5.	United Arab Emirates	7 800 000	6.6
6.	United Kingdom	7 800 000	6.6
7.	France	7 400 000	6.2
8.	Canada	7 300 000	6.1
9.	Australia	6 500 000	5.5
10.	Spain	6 500 000	5.5
	Total	119 000 000	100

Source: UNDESA (2013)

It is likely that the larger the number of migrants in a particular country increases, the outflow of remittances to various countries of migrants' origin also increases. In Africa, over 30 million Africans, which are about three percent of Africa's total population, are living outside their home countries. The amount represents migrants living abroad and within African countries. (Ncube, 2013) and they send remittances to their families in Africa, an aspect, which plays an important role as a source of financing and foreign exchange for many African countries including households.

UNCTAD (2011) reported that the world's poorest countries including 33 African countries increased remittances to US\$ 27 billion in 2011 from US\$ 3.5 billion reported in 1990. The estimate is believed to be low, given evidence that it is common to underreport because a significant amount of remittance transfers are sent through informal channels. If remittances are reported properly including inflow through informal channels, total amount of remittances to Africa could rise by about 50% (UNCTAD, 2011).

African poor households receiving remittances used to enjoy better living conditions than their counterparts without access to remittances (AfDB, 2013). Remittances by African migrants could support between 10 to 100 people, by increasing household income and expenditure on healthcare and education, thus, remittances support poverty reduction initiatives and they are instrumental in improving human development (Moses and Hynes, 2013).

2.8 Impact of Remittances on poverty - Lessons from the USA/Latin American

Like many countries of developed and developing world, in USA and Latin America, there are no firm data related to some major corridors for migrant remittances, for

example, the Europe/Africa corridor or the Gulf States/India corridor. The data on Remittances have always lacked consistence due to existence of various informal channels of sending money to homes of migrants and Diaspora.

In the USA and Latin America, the Inter-American Development Bank (IADB) estimates that flows of remittances to Latin American and Caribbean countries at over US\$ 45 billion in 2004 (Cordova and Olmedo 2006). The amount increased to US\$ 55 billion in 2005. Such amount was higher than foreign direct investment (FDI) and overseas development assistance flowing to the region. The enormity of such remittance transfers raises important questions about their development impact and how national governments including the international community can maximize remittance potential for their development (Fajnzylber, 2007).

There are several studies showing overall positive effect of remittances on education and health services in some developing countries (Page and Plaza, 2005; UNCTAD, 2011; Ratha, 2013). Evidence indicates that children from remittance recipient households stay and study in school longer than those from non-recipient households (Acosta, 2006; Kalaj, 2010; Edward and Ureta, 2003). In El Salvador, US\$ 100 of remittance income lowers the probability of children leaving school by 54% in urban areas (Schapiro, 2009). In the Philippines, 10% rise in household incomes through remittances from their family members abroad lead to a proportional increase in school enrolment rates among children aged 17 to 21 (Hunt, 2008). Across Mexican rural municipalities, illiteracy among children aged 6 to 14 falls by three percent when the number of households receiving remittances rises by one percent (Cordova, 2006).

Remittances also play an important role in public health services and care system especially where the government is unable to offer universal health insurance or satisfactory treatment as well as preventative care to the community. Comparable studies in Mexico show that an additional peso in remittance transfers raises households' health care expenditure between six and nine cents (Dorantes and Pozo, 2009). On children's health, it was found out that infant mortality falls among Mexican children and the birth weight improves in remittance receiving households (Dorantes and Pozo, 2009), as also observed by Ratha, (2013) when assessing the impacts of remittances on household poverty reduction in developing countries.

On average, one percent rise in households receiving remittances reduces by 1.2% lives the number of children died in their first year (Weekers, 2011). Thus, remittances were argued to reduce infant mortality by improving housing conditions, allowing mothers to stay at home and care for the new born baby instead of going out work for the hand to mouth incomes or by improving access to public services such as drinking water (Orozco and Fedawa, 2006). There is general consensus by the national governments and international organizations working in these areas that facilitating remittance inflow in the countries should allow beneficiaries or recipient families to offer families including their children a brighter future (Adams, 2006).

However, the economic and non-economic impacts of remittances contribute to the different argument whether remittances have positive or negative effects on the remittance-receiving areas. Some researchers like Fajnzylber and Lopez (2007), Ambrosius (2008) and Goldring (2004) observed remittances as negative and argued that remittances are only used for consumption as well as daily survival and they are

not spent on productive uses and thus, leading to short-term effects. In Bosnia and Herzegovina, remittances have proved negative impacts due to their propensity to promote additional migration of youth and the educated population at large (Trokić, 2012). Since such remittances are not used for investment, they will have no impacts on development and no impacts may be realized in reduction of poverty. Instead, such inflows may even distort development of the receiving household or community.

This pessimistic view was inspired by Dependency Theory supported by the argument that migration leads to withdrawal and exporting of human capital, the breakdown of traditional stable households, village or communities, leading to people becoming dependent on remittances (De Haas, 2006). The second school of thought argued that remittance is a positive phenomenon supported by Adam and Page (2005); Nabi and Alam (2011); Gyimah and Asiedu (2009); Shafiq and colleagues (2012); and Brown (2008) who observed remittances as key to an increase in people's living standards and poverty alleviation. They (ibid.) agreed that remittances are directly focused on benefiting the poor. Whether remittances are used for consumption, buying houses or for other investments, it is believed that they generate positive effects on the economy and especially benefit the poor particularly at household level (Hoti, 2009)

To conclude, proponents of remittances affirmed that the financial inflows have contributed substantially to welfare in most developing states, especially through improved housing and raised consumption levels. Despite of widespread concerns that remittances tend to be spent on consumption rather than investment, (Binci and Giannelli, 2012) and constitute a 'moral hazard' by reducing the incentive of recipients to work (Ebeke, 2013; Firth, 2006). There is limited evidence in support of

these arguments in the Pacific and many other developing nations. Currently, remittances are invested where it is feasible and opportunities exist and like in other parts of the world, there has been a gradual shift in use of remittances from consumption to investment (Connell and Brown, 2005).

Remittances have contributed to employment especially in the service and construction sectors as well as in petty business. Moreover, remittances have been sustained to a higher level and over longer periods than has been predicted or has occurred in other parts of the world. Various reviewed literature sources attested explicitly evidence that remittances have statistically significant poverty reducing effects mainly through increases in household incomes and per capita income of remittance receiving countries.

Poverty and inequality reducing effects of remittances vary considerably among households and across different countries, depending on several factors. Such factors include concentration of migrants and Diasporas from the remittance receiving countries, ability to remit, and countries' policies on remittances, among others. Households and countries with high number of migrants and Diasporas, in most cases, reported significant amounts of remittances and vice versa.

The significant level of reduction in poverty headcount was attributed by remittances due to the fact that in those countries, remittance recipients habitually originated from comparatively poorer households and somehow lower migration costs relative to household income. As a result, they create good migrant networks with their fellows abroad and link with their countries through migrants or Diaspora associations. This is

a common initiatives observed in Latin American, Asian countries and in Small Developing States.

However, there are few proponents with differing thinking that remittances do not reduce poverty and instead, they create a kind of dependency including laziness, especially for receiving households. Some authors argued that inherent people's laziness in Island Developing States was due to over dependency of remittances perceived as easy money thereby deny young people to actively seek for jobs.

Inflows of remittances in developing countries have been increasing over a decade and many literature sources indicated that remittance is the most stable source of foreign income to recipient countries. However, the fact remains that most remittances received in developing countries are going through informal channels, leaving large amounts of remittances unreported. It means that always the reported amounts of remittances are below actual amounts remitted to the said countries (Ratha, and Mohapatra, 2007).

Recently, there are reflective changes in the relationship of younger generations of migrants and Diasporas from developing countries with their mother countries and in their sense of belonging. In, the prospect of continuing with current levels of remittances is the issue of serious concern (Portes, 2008) to make sure that Diaspora generation does not decline the sense of belonging and lose their cultural tie(s) to their homeland, especially when they get married outside. Also apart from regular flowing of remittances, the economic status of some countries and that of migrants are not granted and hence, flowing remittance might be effected (Page and Plaza, 2005).

In addition, it was disclosed that remittances provide a lifeline to poor households in many countries (Ratha, 2013), but it was observed that sending money, especially to African countries was costly (World Bank, 2013b). On average, the fee for sending remittance money to Africa was more than 10% of the principal amount of the money sent, which was among the highest compared to other regions (World Bank, 2011).

2.9 Synthesis and Research Gap

As the number of migrants from the developing world working abroad increases, it creates significant effects in the status of living and economic growth of the recipient country. Similarly, some studies presented inconclusive results on effects of remittances on household poverty. Generally, empirical studies show that apart from possible increase in social inequality and social differentiation, remittances make a significant contribution to family income, reducing poverty and vulnerability in the households together with communities (Brown, 2008).

There is no single research on this topic done within the country in the past. Most research works on remittances have been done in Eastern Europe, Asia as well as Latin America and very little in Sub- Sahara Africa, let alone in Zanzibar. We used the literature from other countries and especially small island states which have similar characteristics with Zanzibar.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This Chapter presents Research Methodology under the following Sections: Research Design; Study Area; Sample Size; and Sampling Procedures. Other Sections include the following: Data Collection Methods; Validity and Reliability; and Data Analysis.

3.2 Research Design

Research design is a procedural plan adopted by the researcher to answer questions with validity, objectively, accurately and economically (Kumar, 2005). This definition identifies two main functions of research design. The first one is on procedures and logistical arrangements necessary to conduct the study and the second function underscores importance of these procedures to ensure soundness, objectivity and accuracy. Therefore it is necessary to have such detailed strategies that will facilitate influence getting answers for designed research problems with a comprehensive and illustrative outline of what the researcher will do and implications on the final analysis (Pajares, 2007)

Research designs in social research are either descriptive or explanatory. Each has its own strengths and weaknesses. Descriptive research includes collection of a wide range of social indicators and economic information such as Household Budget Surveys and most of those common Government sponsored surveys like population census, time use studies, employment and crime statistics. Explanatory research focuses on “why” questions describing the rate of something in a country and to

examine trends over time or to compare rates in different samples (AECT, 2001). For example, crimes rates, remittance inflow and comparison between samples at household level or a country level.

The type of research design adopted considered nature of the questions, situation and the subject matter including control the researcher has on the study in question and thus, indicates specifically flow of answers to questions that will facilitate accomplishment of two basic functions of research (Dooley, 2004). First the procedures as well as logistical arrangements and second, ensure objectivity and accuracy of the research (Kothari, 2004). Among the important enquiries that should be justified they include the following: why is the study being made or proposed and what is the study about? Where will the study be carried out? What type of data are required? Where will data be found and how will they be collected? What will be the sample design? What time is required for data collection and techniques used for data collection? How will data be analysed and presented? All these parameters present philosophical assumptions, approaches, strategies, methods, time horizons, techniques and procedures for conducting research (Kothari, 2004).

Cross-sectional research design is among popular and accepted designs widely used by many researchers. By nature cross-sectional research are observational, commonly known as descriptive research. The research design to looking at the households which differ on one key characteristic in our case remittances at one specific point in time. Participants were there usually separated into recipients and non-remittance recipients households. The design simplifies and allows data collection through various groups of respondents. It is widely used in social science studies compared to

other designs because of its great degree of precision and accuracy (Melissa and Morrison, 2009). Economically, the design also minimized costs and time taken for data collection (see Krishnaswami and Ranganathan, 2005).

The study paradigm is based on epistemology positivism that is the reality on remittances in Zanzibar can be measured and predicted, hence the focus here is on getting and employing valid and reliable tools to obtain the facts. As constructivist believe that there is no single reality on remittances, and therefore reality on remittances need to be interpreted. It is these facts, which will tell the reality to realise the detail on remittances and household poverty in Zanzibar. The approaches therefore, applied was mixed of qualitative and quantitative. We applied mixed approach to complement each other since there is no single concept or phenomena can be studied by single approach.

3.2.1 Qualitative and Quantitative Design

This study employed both qualitative and quantitative data. Collected qualitative data included description of facts pertaining to understanding of underlying motive(s) for migration contributing factors of inflow of remittances, attitude and opinions of household heads on the issues like benefits of remittances and services offered by the bank and remittance vendors, and motivations for remittances. Also the approach helped to collect information on life ways, which signify presence of household poverty.

We decided to use mixed approach because of the nature of the study, capturing the amount of remittance inflows and the households where these inflows going need

numerical figures. In the final analysis, the impacts of these inflows can be traced through poverty indicators numerically and welfare indicators which were used in the research questions analysed as part of socio-economic standing of surveyed population which display the status of both receiving and non-remittance receiving household. On the other hand, quantitative data were collected and used to quantify the magnitude of remittance inflows to Zanzibar, beneficiaries' households and remitting migrants. Collected quantitative data were used to generate numerical information converted into statistics used for final analysis.

3.3 Study Area

The study was conducted in Zanzibar using sample from all ten districts, both rural and urban Districts of Unguja and Pemba. Zanzibar is an integral part of the United Republic of Tanzania and it consists of two main Isles of Unguja and Pemba plus over 50 islets. The Islands of Zanzibar are located about 35 nautical kilometres (km) off the East coast of mainland Tanzania, between Latitudes 50^0 and 70^0 south of the Equator. It has an estimated total land area of about 2,654 kilometre squares of which Unguja has 1,666 kilometre squares and Pemba 988 kilometres squares RGoZ, (2006). Politically, Zanzibar benefits from a considerable measure of autonomy over its internal affairs and economy.

According to the Population and Housing Census of 2012, Zanzibar has the population of 1,303,569 with 630,677 males and 672,692 females (URT, 2012). In Zanzibar, Mjini Magharibi is the region with the largest population of 593,678, which accounts for 46 % of the total population of Zanzibar, followed by Kaskazini Pemba with 211,732, Kusini Pemba has 195,116 and Kaskazini Unguja with 187,455, see

Table 3.1 for more illustration. The region with the smallest population is Kusini Unguja with a population of 115,588. On average annual growth rate, Zanzibar shows a different prototype of population growth rate. The growth rate increased from 2.7% in 1967 to 3.1% in 2002 and then declined to 2.8% in 2012 (URT. 2012).

3.3.1 The Study Area Population

The total population of Zanzibar reached 1.3 million in the year 2012 with a population growth rate of 3.1% per annum (URT, 201). Out of that, 58% of the population is living in rural areas and 42% in urban areas (URT, 2012). Administratively, Zanzibar has five regions, three in Unguja and two regions in Pemba Island. Mjini Magharibi region is leading in terms of number of people, population density and growth rate, refer Table 3.1. It is followed by Kaskazini and Kusini Pemba, although in terms of annual population growth, the two later regions were the lowest.

Table 3.1: Zanzibar Population Structure

Regions	Population			Av. Annual Growth rate	Population Density	Average H/Hold Size
	Both Sex	Male	Female			
Kaskazini Unguja	187,455	92,114	95,341	3.2	399	4.8
Kusini Unguja	115,588	57,880	57,708	2	135	4.4
Mjini Magharib	593,678	283,590	310,088	4.2	2,581	5.2
Kaskazini Pemba	211,732	103,222	108,510	1.3	369	5.3
Kusini Pemba	195,116	93,871	101,245	1.1	588	5.4
Zanzibar Total	1,303,569	630,677	672,892	2.8	530	5.1

Source: URT (2012)

Each region has two District except Mjini Magharibi which has recently added with one more District to make three. Zanzibar has a population density of 530 persons per kilometre square, indicating that it is one among the most densely populated countries in Africa (URT, 2012). There are two districts in each region, making the total of ten districts for the whole of Zanzibar. Six districts are in Unguja and four in Pemba. Population distributions as per districts are as follows:

According to the Housing and Population Census (2012) data, Magharibi District is the most populated District with 41.3% of Unguja Island population and 28.4% of the overall population of Zanzibar. While Tanzania population is sparsely distributed with average population density of 51 persons per kilometre square, variation across the regions is extensive up to 13 and 12 in some Regions. Mjini Magharibi and Dar es Salaam regions experienced very high concentration of people with population densities of 2,581 and 3,133 persons per square kilometre, respectively. Other regions of Zanzibar also are among top ten in terms of population density in Tanzania (URT, 2012).

Both food poverty and basic need poverty remains widespread in Zanzibar. Thus, the Government launched a special plan in 2007 to address poverty. Later on, there was a launch of a detailed strategy encompassing efforts to increase economic growth, which eventually, influence on provision of socio-economic services and poverty reduction.

3.3.2 Zanzibar Economy

Agriculture and fishing are main economic activities for majority of people and hence the main source of livelihood (Maro, 2008). In the past, agricultural crops export

mainly, cloves, contributed largely to the country's source of revenues. Zanzibar was once the world's largest producer of cloves and her economy was based on large incomes derived from clove exports. Although cloves are still a major export crop, tourism has become the primary foreign exchange earner due to decline in production and prices of cloves in the world market.

Zanzibar cloves originated from Indonesia (formally known as Moluccan Islands) introduced to Zanzibar in 19th century by Sultan of Oman (Cecil, 2001). Clove production was good until in 1970s when annual sales tremendously decreased. The Zanzibar's cloves were then faced with stiff international market competition and now Zanzibar ranks the third, supplying only seven percent, while Indonesia supplies 75 % of the world's cloves, (Miraji, 2013).

The Zanzibar Government legalized foreign exchange bureau to increase consumer commodities availability and in a way, the initiatives facilitate inflows of remittances in the Islands. Zanzibar is experiencing limited manufacturing sectors and the country still imports much of its staple requirements like petroleum products and manufactured goods. The economic system is essentially based on private enterprises, with the government performing an active role in development planning to promote socio-economic growth (RGoZ, 2011). However, the private sector in Zanzibar remains an infant for decades since enactment and implementation of privatization policy.

The country's per capita income was Tshs. 639 in 2008, increased to Tshs. 729 in 2009 to Tshs. 782 in 2010, to Tshs. 960 in 2011 and to Tshs 1003 in 2012,

respectively (OCGS, 2013). It is evident that the country still falls under low income countries. Cloves still contribute a significant share of the country's exports and GDP. For the last five years (2008-2012), Zanzibar economic growth averaged 6.2%, with varying growth rates between 5.3% and 7.0%. In 2010, the growth rate recorded a downward trend to 6.4% (URT, 2013) Registered performances are still below the envisioned target of eight to ten percent growth purported to make substantial impacts on poverty reduction.

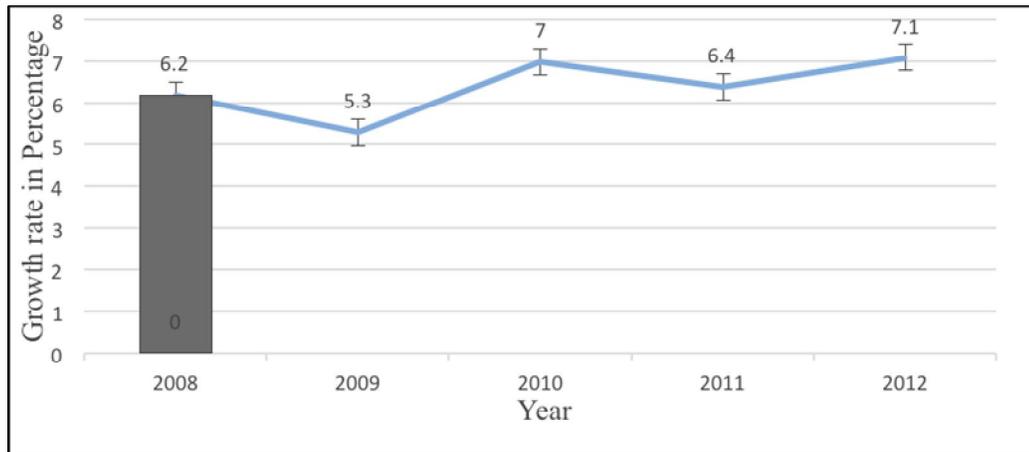


Figure 3.1 Zanzibar GDP Growth rate

Source: Office of Chief Government Statistician Zanzibar

The trend of Zanzibar economy keeps on increasing year after the other. On average for the last five years (2008 – 2012), the economy grew by 6.42% (OCGS, 2013). Despite the stated achievements, large numbers of Zanzibaris are living in poverty trap, they are unable to meet their basic needs and have limited access to socio-economic services including capital, water, sanitation and health. Basic need poverty incidence remains high such that up to 44.4% of Zanzibar's population cannot meet their basic needs (OCGS, 2010).

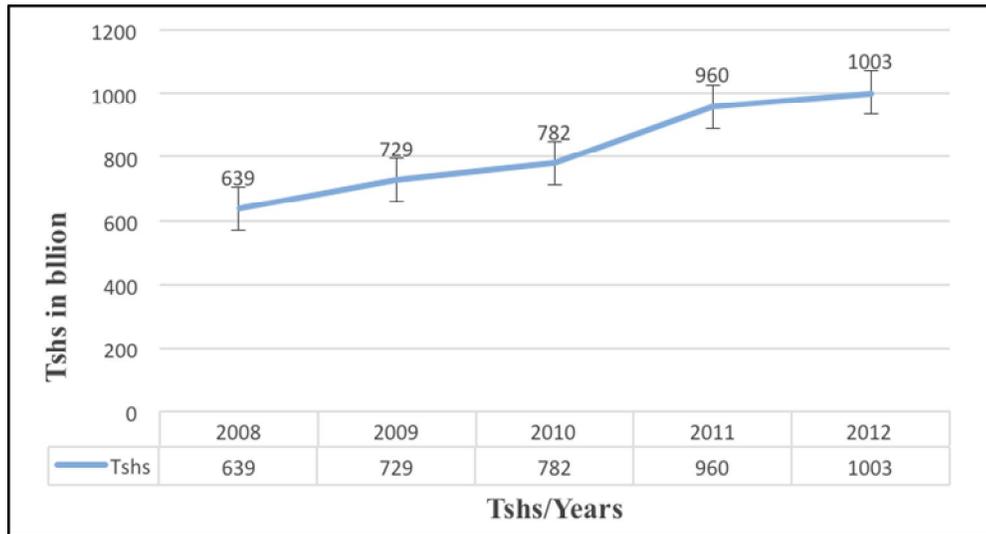


Figure 3.2: Zanzibar GDP Per Capita“2008 – 2012”

Source: Office of Chief Government Statistician (OCGS) Zanzibar

Zanzibar, like many developing countries, has developed its Poverty Reduction Strategy commonly known as Zanzibar Strategy for Growth and Reduction of Poverty (ZSGRP). The strategy classified poverty into income and non-income poverty (RGoZ, 2010), both types are addressed by different interventions. Implementation of all proposed interventions needs precious resources including financial resources from different sources. Remittance is one among prominent financial resources that might be used to acquire basic needs, improve their lives, reduce poverty and reduce vulnerability. Therefore, Zanzibaris living abroad have a major role to play in this venture.

There have been a number of outflows of migrant workers from Zanzibar to other countries particularly to Europe, America and the Middle East. Workers' remittances to Zanzibar now constitute a substantial amount of external sources as income for recipient households (RGOZ, 2010). In Zanzibar, 11.5% of households depend on

cash remittances as their main sources of income (RGOZ, 2010). This is a substantial number of household and receiving a potential source of income that needs to be efficiently utilized to support household livelihoods and contribute to MKUZA efforts toward poverty reduction.

3.3.3 Selection of Study Sites

By nature, remittances involved different stakeholders. In Zanzibar, the main stakeholders are financial institutions including Banks, Bureau de Change and informal agencies and the community. Selection of the study sites for this research considered representation of all stakeholders so as to increase access and set-up relations with potential stakeholders, which would likely result in improvement of research and ensure research validity and reliability as well as proper unit of analysis based on the selected areas. The selection was categorised into two groups, financial institutions and households representing the communities. At household level, the selection covered administrative units of Zanzibar with geographical coverage in both rural and urban settings.

The study was carried out in Zanzibar (in both Unguja and Pemba Isles). Specifically, the study covered samples in urban and rural Shehias as enumeration areas in all ten districts of Zanzibar. Selection of study areas was influenced by nature of the topic under the study. Most of remittance recipients are residing in towns, although there are certain percentages of beneficiaries living in rural areas. A total of 40 Shehias were involved in the study (see appendix 4). Zanzibar was selected for this particular study because of the number reasons including, the nature of the Island economy, where resource basis are limited. Remittances in this case can be used as potential

source to increase country national income. Zanzibar is a multicultural country with a number of its citizens have family relation members outside Zanzibar, linkages among these families influenced the inflow of remittances. Income from remittances can be well managed and utilized in a small community like Zanzibar.

In fact, Zanzibar is enjoying a comparative advantage of using remittances in its development plans. With these reasons we decided to conduct the study with this particular topic in Zanzibar. Based on nature of the Island and for the sake of representativeness, both Islands of Unguja and Pemba were covered. It was important to cover the geographical disparity of urban and rural settings since remittance inflows in Zanzibar were later analysed to glance on their impacts on poverty status both, at urban and rural settings, whilst rural poverty is highly pronounced in many studies.

The urban areas of many countries including Zanzibar are normally within the proximity to financial institutions and hence, they are accessible to financial services including remittance transactions. Nonetheless, with improvement of technology, financial services are currently made accessible to the rural areas though with limited access. For these reasons, selection of study areas had to include areas that represented both geographical locations to allow measurement and analysis of remittance inflows and poverty nexus in the islands.

3.4 Descriptions of the Study Areas

The geography of the study areas although scattered in various District remain similar in nature. The Islands of Zanzibar is geographically divided into two parts, the coral land, covering all Shehias along the coastal areas and the deep fertile soil in the

middle of the Islands. Hence, economic activities are mainly influenced by the natural features. The coastal Shehia are mainly involved in fishing and those in the middle of the Islands which are not accessible to the sea, are mostly engaged in Agriculture as their main source of income and employment.

Farmers in these areas were producing roots, tubers and other food crops including paddy, maize, banana and sweet potatoes. Clove, which the main export crop is grown in all Districts, however, the harvest in Pemba surpassed the tonnage harvested in Unguja. Moreover, farmers and fishermen in these areas were also engaged in small businesses, which are typically characteristics of agrarian economy (RGoZ, 2008). The study areas experience a warm semi-arid climate with an average seasonal rainfall.

Generally, Shehias in the study areas share geographical and environmental similarities as well as socio-economic characteristics, enjoying facilities and services available in reasonable proximity. Social services were fairly available, health facilities and services were obtained through Primary Health Care Units (PHCUs), cottage hospital and private health facilities within five kilometers (MOHSW, 2007).

Likewise, education services were accessible from primary to ordinary secondary level in almost every Shehia. Advanced level and higher learning institutions were mostly available in town as national level facilities. Poverty is a wide spread phenomena especially in rural Districts. The Districts in the study areas are seriously

affected by poverty with majority of the population live in the lowest category of poverty status (RGOZ, 2012).

3.5 Sample Size and Sampling Procedures

By definition, a sample is a small number of respondents chosen to be true representatives of the population from a selected study area. In that sense therefore, samples are just parts of the population under the study, which are normally small, manageable and convenient for data collection, but larger enough and true representative of the population from which it had been drawn from.

In all Districts, the study sample included 40 Shehia of which 24 Shehia were in Unguja and 16 in Pemba Island. In each Shehia, ten (10) households were selected based on the number of sample households derived from “Slovins formula” which was adopted in this study and homogeneous nature of Shehias in Zanzibar. Shehias in Zanzibar have almost similar characteristics, therefore any sample survey undertaken accepted 10 to 15 households in a given enumeration area/ Shehia. Selection of 10 households was done following the technical advice of the Office of Chief Government Statistician in Zanzibar, who also uses similar number as sample in the national surveys.

Household questionnaire was administered by research assistants. The average household size was 5 people in sample area, therefore the survey covered representation of about 2000 people in 400 households, which is about 0.2% of the population of Zanzibar. The interview was done with the heads of households as key respondents.

The procedures for sampling this study followed two interlinked important steps; and applied a multi-stage sampling technique which stands to disaggregate household information from the national, Island wise that is Unguja and Pemba, District and Shehias. Multistage sampling refers to sampling plans or technics where the sampling is carried out in stages using smaller and smaller sampling units at each stage. This technique was selected for this study based on the following merits that:

(i) Simplification

It avoid the problems of randomly sampling larger population than the researcher's resources can handle. Multi-stage sampling procedure in essence is a way to reduce the population by cutting it up into smaller groups.

(iii) Flexibility

It allows researchers to employ random sampling or cluster sampling after the delineation of groups. Multi-stage sampling can be employed indefinitely to break down groups and subgroups into smaller groups until the researcher reaches the desired type or size of groups. There are no restrictions on how researchers divide the population into groups/ this allows a large number of possibilities for methods of convenience, the maximization or minimization of variance or interpretability. On the other hand, multi-stage sampling have the following disadvantages.

(iv) Arbitrariness

There will always be questions as to whether the chosen groups were optimal because of the lack of restrictions on the decision processes involved in choosing groups, multi-stage sampling has a level of subjectivity.

(v) **Lost Data**

Data gets lost in the sense that not everyone is counted. But even a total population census is imperfect because addresses in remote areas may be missing and transient individuals may be difficult to identify and interview. It is not easy to get 100 percent representative of the population. The proposed sample size was developed by using Slovin's formula. This is a general equation used when you estimate the population. In our case, 253 608 (Housing and Population Census 2012) households, where we had no idea about how our population under the study (households behaves). The formula is described as:

$$\text{Sample } n = N / (1 + Ne^2)$$

n = sample size

N = Population size

e = Margin of error

We configured the level of confidence at 95% which is equal to Marginal error of 0.05%. Then we plugged the available data from Population and Housing Census of 2012. At 95% level of confidence, and 253,608 number of households.

$$\begin{aligned} \text{Sample size } n &= \frac{253\,608}{(1 + 253\,608 \times 0.05^2)} = \frac{253\,608}{635.02} \\ &= 399.37 \approx 400 \quad \text{Sample Households} \end{aligned}$$

The procedures of sampling under the current study followed two sequentially important phases:

The first phase, involved selection of Shehias whereby, a total of 40 Shehia/EAs, based on the number of sample household obtained from the formula explained above

and the number of District in Zanzibar where the sample survey covered. The Shehia was randomly selected from a list of Shehias, obtained from the Ministry responsible for Local Government and Regional Administration in Zanzibar. Given the total number of Shehia in Zanzibar, the sample size of the current study was 11.8%, which is well acceptable size for the sample study (OCGS, 2016).

The Shehias were then distributed in 4 Districts of Pemba and 6 in Unguja. The distribution between Unguja and Pemba was based on the ration of 6:4, where there was $40/10*6$ for Unguja and $40/10*4$ for Pemba i.e. Unguja 24 and Pemba 16 Shehias respectively. This is also justified by number of sample households, total number of District and share of Districts available in particular Island (Unguja and Pemba).

In the second phase, full listing of all the households in each of the 40 sampled Shehias obtained and 10 households in each sampled Shehia selected randomly for interviews using the household questionnaires in order to have sample representation.

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Simple random sampling and snow balling sampling methods was used to select households both who receive remittances and those who were not. Heads of households were the sources of information of their households and the information on their family members living outside Zanzibar and inform on the other households in the Shehia who had family member abroad. This sampling technique was preferred because, its ease and simple to conduct and also providing equal chance to include all household who are recipients and no-recipients of remittances and minimize the level of sampling error (Rwegoshora, 2006).

3.5.1 Sample Distribution by Regions and Districts

Distribution of the sample for this study was done mainly based on the proportionate number of Shehia in a given District. Whereas the selection was done randomly. Those selected Shehias represented District and Regions. Distribution of sample Households in the Districts ranges from 5% to 12.5% of the total Sample households as detailed in Table 3.2, which also reflect the number of households and population.

Table 3.2: Distribution of Sample and Shehias by Districts

Name of the District	Total number of Shehia	Number sample Shehias	Number of Sample Households	Percentage of Sample Households
Kaskazini "A"	38	5	50	12.5
Kaskazini "B"	31	4	40	10.0
Kusini	21	2	20	5.0
Kati	42	5	50	12.5
Mjini	45	5	50	12.5
Magharibi	39	5	50	12.5
Mkoani	33	4	40	10.0
Chake chake	29	3	30	7.5
Wete	34	4	40	10.0
Micheweni	27	3	30	7.5
Total	339	40	400	100

Source: Field Survey, 2013

In total, 40 Shehias/ Enumeration Areas were taken as a sample out of 339 Shehias available in Unguja and Pemba in 2013. Unguja Island had 216 Shehias and 123 in Pemba Island. In both islands, districts with urban characteristics bare large number of

Shehias compared to the rural districts, the scenario which is also featured in population density. Response rate was hundred percent because the questionnaires were self-administered and research assistants used to return again when respondent member of households were not found for the first time.

Likewise, the sample distribution was effected at the District level, despite the fact that each region in Zanzibar has two Districts but they are not all identical, hence variations among them call for discrepancy in terms of the number of sample household interviewed. Therefore in a snapshot, the District wise sample representation in this study 12.5% was percent Mjini District, Magharibi District, Kati District and Kaskazini 'A' District., Mkoani District, Wete District and Kaskazini B District were represented by 10.0 percent of household each. Chake chake and Micheweni were represented by 7.5% and Kusini District in Unguja contributed five percent of all households under the study sample. The scenario represents the fact that over 52% of the sample was based in Urban Districts of Unguja and Pemba; this is a healthy sample since urban Districts are the destinations where majority of remittances flown in the country.

3.6 Data Collection Methods and Tools

Ghauri (2002) defined data collection as the systematic, focused and organized collection of information or facts for the purpose of obtaining information to solve the stated research problems. Among data collection methods employed in this study included semi-structured interviews, observation, Focus Group Discussions (FGDs) and documentary review. Data were collected from the sample household in all 10 District of Zanzibar using household questionnaires, public and private financial

institutions including seven commercial banks and six remittance vendors working in Zanzibar, four groups with mixed member of recipients and non-recipients of remittances. Interview schedule was also used for other key informants Personal visits were also used to collect data. Secondary information was sourced from development plans, census and survey reports.

3.6.1 Types of Data Collected

The study involved assessing inflow of remittances, uses of the same in both socio-economic ventures and the extent to which remittances reduce poverty. It included households that received remittances and those were not recipients for the purpose of making comparisons between the two on the state of welfare. While quantitative research approach enabled the researcher to make an in-depth inquiry of variables related to the amount and number of household receiving remittances, qualitative research approach analysed variables that indicated the status of household poverty among the sampled households.

Data collection is a core element and essential process of any research, the finding of research depends heavily on the quality of data collected which will lead to the information to be used in the future planning, base line information or as source of knowledge. Thus it is important to build trustworthy information through reliable and credible data. In this study, data collections were generally classified into two main types, primary data and secondary data.

3.6.2 Primary Data

Primary data constitute information collected or gathered by the researcher from the primary sources in the field. They are collected afresh and for the first time and thus,

happen to be original in character (Mugenda and Mugenda, 1999). For this study, primary data were collected through household survey. However, interviews and questionnaires with Government officers responsible for coordinating Zanzibar Strategy for Growth and Reduction of Poverty were held to supplement knowledge on the sources of funds for implementing Poverty Reduction Strategy.

3.6.3 Secondary Data

Secondary sources of data referred to those data already available, which have been collected, analysed and presented in any form by someone else. They are referred to as secondary since the data were collected and passed through all statistical process by the time a researcher used the information. Secondary data facilitate to widen the knowledge base from which scientific conclusions can be drawn and reflected. Kothari (2010).

This study obtained secondary data from various sources including published and unpublished documents from Government offices, libraries, and the Internet. In the due regard, secondary data were collected from Zanzibar Household Budget Survey report of the year 2009/2010. The survey was conducted from June 2009 to May 2010 with a national representative sample of 4296 households' countrywide. Other pieces of information were collected from reviewed documents considered highly relevant to the research problem, specifically; information was collected from various surveys by the Office of Chief Government Statistician including Household Budget Surveys of 2005 and 2010, Economic Survey of 2010 and the National Census of 2012. Academic reports, manuscripts, journals and research report with rich materials on remittance, consultancy reports and Government documents such as policies, acts,

guidelines and regulations were also reviewed. In this research, documentary review was one of the methods used to collect information on remittances inflows and poverty reduction in Zanzibar. It was done to postulate formal references to other similar or related themes in other documents to explain social and intellectual dimensions of a scientific community around the world. Also the review provided more knowledge on remittances and reduction of poverty.

The study reviewed a variety of existing sources including reports on working migrants, Diaspora commercial bank reports on remittances and the Zanzibar Strategy for Growth and reduction of Poverty, especially on financing plan, with the intention of gathering independently verifiable data and information. It included information on remittance inflows, socio-economic uses, impact on household poverty reduction and lessons from other countries. Variables used in the study were grouped into two categories; the first group was the variable and indicators for measuring remittances, including the amount of remittance inflow, channels of delivery and the uses of remittances. The second group was on poverty including variables and indicators for measuring poverty.

3.6.4 Interviews

Interviewing involves asking questions and getting answers from participants in a study. In the research process, it involves a meeting between a researcher and respondent either individually or in form of groups (Kumar, 2005). Interviews focused on specific issues on remittances through predetermined set of questions prepared to fulfill research objectives.

The interview method was one tool used in this study because it allowed face-to-face interaction with respondents in their local environment and allowed detailed explanation where necessary. Experience from various studies and surveys have shown that respondents dislike to spend time in filling questionnaires and instead, they preferred and felt highly comfortable to participate in oral discussions rather than filling in long questionnaires. The choice of this method was influenced by several factors including its cost effectiveness and strength of capturing data in both informal as well as formal settings. Household interviews were mainly guided by unstructured questions. Structured interviews interview involves tight control over the format of questions and answers.

Semi-structured interviews were mainly employed with government officials responsible for coordinating Zanzibar Strategy for Growth and Poverty of Reduction (ZSGRP), representative of commercial banks and remittance vendors/agencies. The unstructured interview questions put emphasis on interviewees to give details on points of interest. In addition, it was advantageous to use semi-structured interview questions because they allowed to reorganize questions if need arose (Kothari, 2004).

3.6.5 Questionnaires

The questionnaires were designed to capture information at household level and the institutions. They were designed specifically to collect information from financial institutions dealing with transactions of remittances. This study used two types of questionnaires that were administered to households and Interview schedule for institutions including banks as well as remittance vendors. The questionnaires were designed and piloted to certify their consistency, precision and validity together with

their ability to collect parameters anticipated in this study. The two questionnaires were designed to capture remittance and poverty data from household and financial institutions.

3.6.6 Household Questionnaires

Household Questionnaires were administered to sampled households. Poverty status was captured in terms of asset ownership, household income as well as consumption patterns of both food and non-food items. In order to estimate a household's poverty status, use of proxy indicators such as education level, source of drinking water as well as types of toilet facilities and types of houses was inquired. Household heads provided information about the prescribed indicators on income, quality of dwelling facilities, consumable items and household characteristics. These indicators were linked with availability or inflow of remittances when household heads reported presence of any family member abroad who used to remit back home cash or in kind.

Household questionnaire was made up of four major sections. The first section encompassed an identity part for information on the area and location of the sampled households among the District and Shehias where the samples were scattered. Section two, sought information on household characteristics, including information of household members, gender, age, marital status, education level together with their main economic activities. The questionnaires sought for information on remittance inflows and their impacts on household poverty (Appendix 1).

Section three was designed to collected information on household members living outside Zanzibar, which are considered as sources of remittance inflows to Zanzibar.

Hence, apart from their biographic data, other pieces of information included remittances, the amount they used to send to their family back home, frequency they normally sent money and the common method(s) used to send as well as deliver the funds. Section four, dwelt on collected data of household poverty and welfare status. Therein, the status of household, both recipients and non-recipients of remittances, provided information, which was later analyzed and presented the final result to answer the objective of the study.

3.6.7 Interview Schedule for Institutions

Interview for institutions was used to obtain information on remittance inflows captured through banks and some common local remittance money vendors. Seven commercial banks out of ten existing in Zanzibar and three remittance vendors were involved in collection of remittance data. Information sought for was on remittance inflows, remittance source countries and experience in remittance businesses, customer compliances and costs involved in remitting money from different destinations. The information collected was meant to be used to complement each other with information collected through household questionnaires. The questionnaire used in was designed with three sections.

The first section was an introductory part that sought for information on name, area and location of the bank/financial institution, identity of responsible officer(s) and experience in the financial sector including operating remittance businesses. Section two was on customer of financial institutions living abroad. It included information on number of customers, countries they are living and the amount of remittance money they sent back to their families in Zanzibar through their

bank/financial institutions. Section three inquired on remittance money sending and receiving. Apart from the amount, the institutions were required to indicate major countries where remittances came from, the means by which the institution received remittances from abroad, identities required for customers to receive the money sent by their relatives, service charges and challenges realized in the whole process of sending as well as receiving remittances. The questionnaires also aimed at capturing enough information on experiences gained in remittance businesses by the financial institutions.

3.6.8 Observation

Observation is a kind surveillance or systematic portrayal of events, behaviour and scenery in a given social setting chosen for a particular study. Observation is one among useful data collection methods used in various qualitative studies. Kumar (2005) defined observation as a purposeful, selective and systematic way of listening as well as watching to an interface, incidence or phenomenon as it takes place. The method involves watching and recording events that transpire in a particular place, the behaviour of individuals or groups of people and enables the researcher to clarify on the existing situation using senses. It is a fieldwork method used in collecting data.

3.6.9 Focus Group Discussions

A focus group discussion (FGD) is an in-depth field data collection method that brings together a small homogeneous group to discuss topics on a study agenda. Normally, The data are collect through semi-structured group interview process. Focus groups were moderated by a researcher with specific topic on remittance information required in our case we discussed remittances as potential resources for and poverty reduction.

The study conducted FGD in two areas; first, the focus group discussion was conducted at the Planning Commission where Zanzibar Strategy for Reduction of Poverty is coordinated. Specifically; discussion here was focused on the implementation of poverty reduction strategy.

At the community level, FGD was conducted at Kizimkazi village to obtain direct and factual information on remittances especially collective or community remittances flowing in the communities. As Jakobsen (2012) contend that FGD methodology is implemented widely in the development field in a cross-cultural context, especially in extracting community perspectives and understanding community dynamics. Both participants were eagerly giving and discussing various issues and opinions on remittances and household poverty. The group composition is reflected in Table 3.3.

Table 3.3: Gender and Academic Qualifications of FGD Participants

Samples	No	Gender		Education level				Expected
		M	F	Primary	Secondary	BA/BSc	MA/MSc	
Kizimkazi Group of Women	8	0	8	3	5	0	0	8
Kizimkazi Group of Men	8	8	0	1	6	1	0	8
Planning Commission	5	2	3	0	0	1	4	5
Total	21	10	11	4	11	2	4	63

Source: Field Survey 2013

Considering the cultural factor of the place, there were two groups from Kizimkazi village involved in the discussion, one for males and another group for females, with 8 participants each. The group was used to collect qualitative information on

remittances and comparison between the remittance recipients and non-remittance recipient household and their level of poverty.

3.6.10 Steps Followed in Data Collection

Before actual course of data collection, for the purpose of ensuring that data collected were of high quality, a team of four research assistants was hired and trained for two days. At the beginning, the team was trained on the questionnaires, listing process and selection of households where a day was spent in the field in Zanzibar Urban District. That was done after finalization of the survey instruments and sampling procedures. The training on questionnaire reviewed background, objectives and rationale of the household survey for the study, overview of the proposed scientific methodology for the survey, and an item-by-item familiarization with the instruments for fieldwork, contextualization of issues raised and potential responses as well as case studies. The training was on practical as well as theoretical aspects.

The training also outlined the structure of the study, including reporting and submission of filled questionnaires, roles and conduct of each assistant, potential challenges and implications. Other aspects included documentation and field reports as well as approaching and building mutual relationships with respondents.

3.6.11 Detailed Field Survey

The actual survey was conducted from June to November 2013. It involved household interviews and financial institution, focus group discussions and discussions with government officials, remittance vendors and observation. The interviews were organized and conducted by the researcher with assistance of four well-trained

enumerators. One week before commencement of the field work, a researcher paid visits to all districts under the study in Unguja. Then the researcher presented the gist of research to relevant authorities with an official introduction letter from the Second Vice President's office, which is the authority of issuing research permits in Zanzibar. District authorities including Shehas were introduced with the rationale, objectives and the theme of the study, modality and scope of the assignment in their places. Household heads were interviewed at their homesteads. Government officers were interviewed in their offices. Scheduled appointments with sampled Shehias were executed. For Government institutions, financial institutions and remittance vendors, introduction letters with appointments were made in advance.

3.7 Validity and Reliability

To ensure validity and reliability, pretesting of research instruments was done in few Shehias of Urban and West District. Prior to comprehensive field survey, the pilot survey was conducted using a total of 10 respondents from two Shehias, Makadara in Mjini and Fuoni in Magharibi districts of Unguja. The pilot study was done purposively for pre-testing the questionnaires and validating relevance of questions to respondents and helped to estimate duration to be taken to fill in a questionnaire by one respondent. The measure was done to adjust the tools where necessary.

In addition, multiple data collection methods or triangulation of data collection methods was employed for the study to ensure that data collected were valid and reliable. Then questionnaires were checked and verified with assistance from the Chief Government Statistician's office in Zanzibar. Peer reviewers from the Office of Chief Government Statistician in Zanzibar and supervisors were consulted and

verified the questionnaires to suit with the objective and test on how it can be plugged in the software for analysis

3.8 Data Analysis Plan

Data analysis entailed a process of inspecting, cleaning, modelling and transforming data in order discovering useful information. Pprocessing was instigated by generating a computer data file where all data collected, coded and entered in Statistical Package for Social Sciences (SPSS) Windows Version 21.0. Themes of the study with other statistics, figures and tables derived from the data formed the basis for discussion of results. Data analysis was done to reduce loads of data to a form where relationships of research problem can be studied and tested (see also Kerlinger, 2000). It included all qualitative as well as quantitative data collected through various tools adopted in the study and involved process of ordering as well as categorised into themes and component to be able to provide answers to the research questions (see also Rwegoshora 2006). Data editing and cleaning was done by running frequencies of individual variables and later analysed. Cleaned data were later exported to other software packages such as Microsoft Excel for further analysis and presentation in the next chapter of this thesis.

In this study, we applied both descriptive and inferential statistics to analyze the results and draw conclusions. Descriptive statistics was used to show and summarize data in a simple and meaningful way, covering all 400 household data we collected. However, with descriptive we were unable to draw conclusion. Therefore, we applied inferential statistics to focuses on drawing conclusions about the population, on the basis of sample analysis and observations we made in our study.

These analysis, provided status on inflow of remittance money in the country through various sources including formal and informal channels, its expenditure pattern and how they contributed to reduction of household poverty by comparing households of remittance receiving with non-receiving households. These information was presented in various forms, including percentages, charts, tables and graphs and conclusions drawn.

3.9 Ethical Consideration

From the research design we decided what specific information we want to collect through survey. Prior to start the main survey, the respondents were informed about the purpose of the study and were assured of confidentiality. The purposes and assurance was explained initially from the training of research assistants, the message which was conveyed to every survey respondent. As Rubin and Rubin (1995: 93) noted that, in any survey “When you encourage people to talk to you openly, you incur serious ethical obligations to them”. As such, the researcher assured the informants that the information collected would be used for academic purposes. The survey questions were also carefully structured to avoid sensitive and humiliating questions that would upset respondents. Participating in the interviews and in responding to the questionnaires was free on voluntary basis.

This particular study was dealing with personal life on where they are living, why they decide to leave the country and sensitive question on finance/ remittances they are receiving. For that matter, researcher assured respondent households to maintain ethics by containing secrecy and uses of information for the purpose of the study.

CHAPTER FOUR

EMPIRICAL RESULTS

4.1 Introduction

This chapter provides findings obtained from the fieldwork. The chapter begins with an overview, socio-economic characteristics of the study population including household members' relationship, sex, age and marital status. In the same section, education level and economic activities of the study population are presented. Aspects on family members of the population under the study including those living outside Zanzibar are presented as well as statistical evidence on the remittances flowing to the households in Zanzibar, the channels where remittances were dispatched both through official channels and informal channels together with households depending on remittances as sources of income. The last part of the chapter presents welfare effects of remittances on poverty at household level.

4.2 Socio-economic Characteristics of the Study Population

4.2.1 Distribution of Respondents by Category and Sex

The study surveyed 400 household heads whereby 68% were males and 32 females. In addition, 7 managers of commercial banks comprised five males and only two females, 5 officers from the Planning Commission (2 males and 3 females) and 4 male staffs of remittance vendors. Table 4.1 provides summary of categories and sex of survey respondents in the study:

Household category was represented by majority of the study respondents with 400 household because the study was primarily focused on remittance inflows and poverty

reduction from the beneficiaries' perspectives where they access remittances and spent on socio-economic comfort of their households. However, the study involved more male respondents than females because larger portion of the study was on households where most households' heads are males (see also HPC, 2012). Likewise, most financial institutions dealing with remittance transactions are headed by males.

Table 4.1: Distribution of Survey Respondents by Gender

Gender	Category of Respondents proficiency							
	Heads of Households		Commercial Banks		Planning Commission		Remittance Vendors	
	Frequency	% age	Frequency	% age	Frequency	% age	Frequency	% age
Males	272	68	5	71	2	40	4	100
Females	128	32	2	29	3	60	0	0
Total	400	100	7	100	5	100	4	100

Source: Field Survey (2013)

4.2.2 Age-sex Characteristics of the Respondents (Heads of Households)

Age-sex composition of household heads showed that the major part of the population under the study were males. The analysis of the sampled population categorized them into sex, either male or female, which are important parameters in the study. Female headed households have some features on the poverty status, which might not be the same like that possessed by male headed households. Likewise, sex and age composition have a special interest for social science studies because most of socio-economic parameters like labour supply, social services supplies and migration, the latter as the main source of remittances, are linked with these parameters.

Age-sex composition of the study population provides important socio-economic parameters such as dependency ratio as discussed by Cohen (2005); Seddan (2004); Martinez (2004); Goldring (2004); and Urzua (2000), labour force which is a factor

for supply of migrants and/or Diaspora are features as prerequisite for remittance inflows. The age of family members of the households under the study was divided into two parts. Household members' age was mainly used as respondents of the survey questionnaires and the age of their family members living abroad. The latter were mainly the young population indicating or those who managed to move outside the country as labour force. Old age, mainly household heads, remained at home of which, in most cases, may want to see remittances flowing to their households to support their families. All age parameters have important influence on policies and strategies towards productive remittances.

The survey found that the mean age of the respondents' household heads was 49 years (SPSS data). This was an indication that most respondents were old enough to manage their families. It also indicated possibilities of having young population engaging in various activities including those who may migrate to look for a better life abroad. Meanwhile, the household heads composed of both male and female respondents whereby 68% of respondents were males and 32% females. Table 4.2 presents age and sex distribution of the population under study:

The findings from this study revealed that the mean age of the heads of households was 49 years. At this age, it was reasonable for household to have youths that encompass an active labour force that can be employed or engaged in any economic activities within the country or abroad. Unlike the total survey, which included every one, mean age was definitely lower because the ages of young population influence on mean age as well.

Table 4.2: Distribution of Respondents by area and age

Age group	Unguja		Pemba		Zanzibar	
	Respondent Heads of H/Holds	Percentage	Respondent Heads of H/Holds	Percentage	Respondent Heads of H/Holds	Percentage
18 – 30	20	8	10	6	30	7.5
31 – 40	50	21	45	28	95	24
41 – 50	81	34	40	25	121	30
51 – 60	50	21	38	24	88	22
61 – 70	29	12	15	9	44	11
71 – 80	10	4	12	8	22	5.5
Total	240	100	160	100	400	100

Source: Field Survey (2013)

In Unguja Island many respondents fell under the age group of 41 to 50 years. Whereas in Pemba, the age group between 31 to 40 years dominated interview respondents. It was very rare to find respondents below the age of 30 and above 60 years, see Table 4.2 for details.

4.2.3 Household Characteristics, Structure and Size

A household refers to a group of people living together, sharing common daily needs in the same premises. It includes parents, children and other persons with or with no blood relations who cooperate and share daily socio-economic life ways. For the purpose of this study, household size refers to number of people usually living together in a homestead sharing all livelihood expenses. Household size has an implication on household labour force for income generating activities. It is very

important determinant factor in family welfare because it affects labour supply as one of important factors of production and consumption patterns. Normally, household size differs from one household to another such that a large household size amplifies needs and put pressure on resources.

However, a big household size with employed labour force is expected to draw a reasonable number of incomes such as remunerations from labour supply if household members are well developed in terms of human capital. On the other hand, poverty is likely to strike larger size households with no productive labour force or unemployed compared to smaller households. The large household size also has an effect on average income. The study showed that households experiencing life hardships decided on migration as an option for increasing income.

Table 4.3 revealed that an average household size of the sample population was 5 people per household. In general, majority, 71% of households found with 3 to 6 people. In Unguja, 36% of households had 5 to 6 people, whereas in Pemba, 41% of sample households had 3 to 4 people in one premises.

Thus, there is the difference in terms of the number of people in in households in Unguja and Pemba. Households in Unguja were having more peoples compared to households in Pemba. According to 2012 census data, Zanzibar had an average household size of 5.1, which was almost similar to average size of households realized in this study. Table 4.3 shows details of household size in both Unguja and Pemba Islands.

Table 4.3: Distribution of Sampled Households by Size in Unguja and Pemba

Unguja			Pemba			Zanzibar	
Household size	Frequency	Percent of Total	Household size	Frequency	Percent of Total	Frequency	Percent of Total
1 – 2	12	5.00	1 – 2	19	11.90	31	8
3 – 4	75	31.25	3 – 4	68	41.25	143	36
5 – 6	90	36.25	5 – 6	49	31.90	139	35
7 – 8	45	20.00	7 – 8	14	8.75	59	15
9+	18	7.50	9+	10	6.20	28	7
Total	240	100.00	Total	160	100.00	400	100

Source: Field Survey (2013).

Thirty six percent of respondent households in Unguja had an average between 5 and 6 peoples per household. In Pemba, about 41% of respondent households had 3 to 4 people per household. This indicates that sampled households in Unguja were more crowded than in Pemba Island.

4.2.4 Respondents' Education Level

Respondents' education level was assessed in two categories. Respondents of the study, of which majority were household heads and members of households of which their level of education was assessed through heads of households. The education level of this category was analysed to see if household heads' education levels had any relation with family member(s) living abroad. For family members abroad, the analysis was looking relationship of level of education with job category and

possibilities of sending remittances. However, it was hard task for heads of households to understand the job category of their family members abroad.

The study found out that 48% of respondents acquired secondary education level; about 37% of respondents attained primary education; and 13% of respondents had university education level. However, it was important to note that eight percent of sampled household had only attended adult education. Details on education level are found in Table 4.4.

Table 4.4: Distribution of Respondents by Area and Education Attainment

Level of education Respondents	Unguja (N=240)	Pemba (N=160)	Total (N=400)
Pre-primary & Primary educ.	33% (80)	43% (68)	37% (148)
Adult education	2%(5)	2% (3)	2% (8)
Ordinary Secondary education	38 % (90)	38 % (61)	38% (151)
Advanced Secondary education	11% (26)	8 % (13)	10% (39)
College &Univ. education	16% (39)	9 % (15)	13% (54)
Total	100 % (240)	100% (160)	100 % (400)

Source: Field Survey (2013)

Because of low level of respondents' education, there is high possibility for these households to earn little income and hence falling in the poverty trap. However, for these types of households, a small amount of remittances injected by individual family member, have serious effects on the overall household income.

4.2.5 Main Economic Activities

Types of economic activities by respondents are among main determinants of household incomes, which have an influence on decision and ability for households to

support family members to migrate and work outside the country. On the other hand, they are determined as the main sources of remittances. It is often understood that migration is a costly and risky phenomenon. Hence, migrants sending household have to incur cost of voyage and bare the risk if anything happens in causing migrants return or unable to send back money. It is a pattern whereby rural poor households can hardly pay for.

In this study, it was found out that sampled households were involved in various economic activities. It was revealed from this study that 25% were employed in the government/parastatal organizations, 22% were employed in private/NGO sector, 18% were involved in agriculture as well as fisheries sectors and 17%t were self-employed in non-farm activities. There were also about 18% of unemployed, which constituted housewives, disabled and retired and, see Table 4.5.details.

Table 4.5: Distribution of Respondents by Economic Activities in Study Areas

Main Economic activity	Unguja (N=240)	Pemba (N=160)	Zanzibar Total (N=40)
Agriculture	20.4% (49)	15.6% (25)	18% (74)
Government/ parastatals Employee	23.3% (56)	27.5% (44)	25% (100)
Private/ NGO	25% (60)	17.5% (28)	22% (88)
Self-employed (Non-farm act)	14.5% (35)	21.3% (34)	17% (69)
Unemployed	2.5% (6)	1% (2)	2% (8)
Un paid labour (Agric. activities)	3.3% (8)	5.6% (9)	5% (17)
House wife	9% (21)	7.5% (12)	8% (33)
Others (Unable to work/ Elders/ Sick/ Retired/ Disable)	2% (5)	4% (6)	3% (11)
Total	100% (240)	100% (160)	100% (400)

Source: Field Survey, 2013

Pictorial presentation of sampled households' economic activities indicated a small difference among four major sectors dominated by government and parastatals in

terms of employment that accounted for 25% (Figure 4.1). This is a common incidence where most urban dwellers are used to be employed in these sectors.

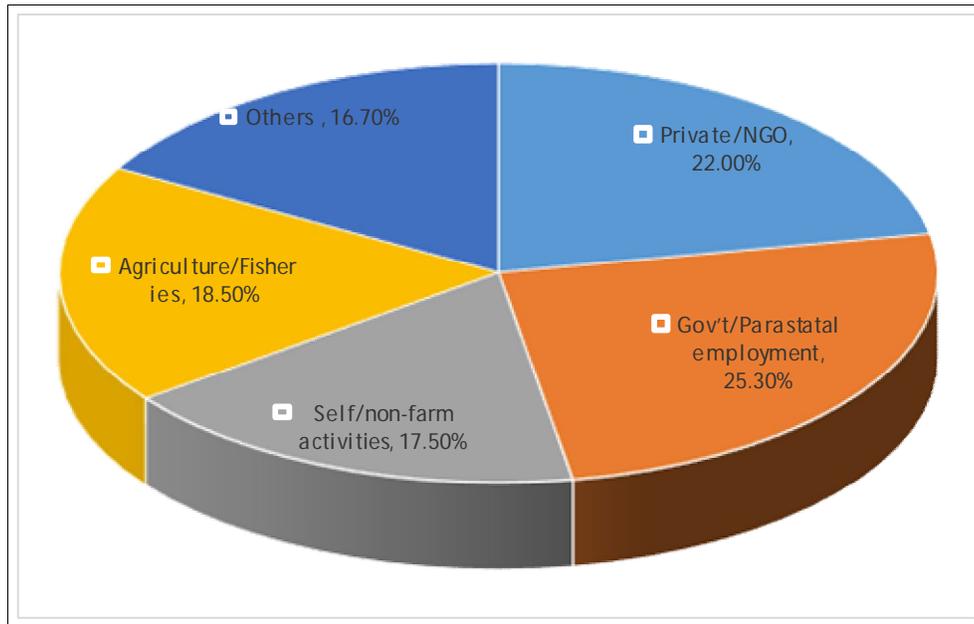


Figure 4.1: Distribution of Respondents by Main Economic Activities

Source: Field Survey, 2013

There were small differences between sectors of economy involved by sampled households. Majority of households were employed in the government and parastatal sector in Urban and West District.

4.3 Socio-economic Status of Household with Members Living Outside Zanzibar

The aim of the study was also to capture information particularly on remittances from Zanzibaris living abroad. Because the study was done in Zanzibar, apart from demographic and socio-economic distinctiveness of respondents, the nature of the study obliged to find out similar information on household members living outside Zanzibar.

Information on household members living outside Zanzibar was collected from sampled household having at least one of its family members abroad at the time of the study (2013). Therefore, it was designed to conduct interviews with households randomly so as to find out whether or not some household members were living abroad and to get information whether or not they remitted in cash or in kind.

4.3.1 Households with Family Members Living Outside Zanzibar

There are no accurate data on number of Zanzibaris living abroad although it is believed that many are living in the United States of America, United Kingdom and United Arab Emirates. Unfortunately, there are no official data and hence, very little information was just discerned from their immediate family members. Moreover, a number of them left the country to the countries of destinations for various push and pull factors, but there is no official information on their absence. Their departure for many migrant workers from Zanzibar has been informal. Sometimes they used to hide their nationality when they are in destination countries. The Revolutionary Government of Zanzibar through its department responsible for coordination of Diasporas has planned to facilitate registration of Diaspora through Tanzania Embassies abroad. The process shall be accomplished as part of implementing Diasporas policy, which is underway and the exercise of Diaspora Mapping shall trail.

This study found that, 44% of sample households have family members outside Zanzibar. The study further compiled the number of family member living outside Zanzibar and found that, 73% households had at least one family member, 18% households had two family members, and six percent household had three family members living outside Zanzibar, only 2% had five members and above.

Table 4.6: Sample Households with Family Members Outside Zanzibar

Number of H/hold members	Number of Households	Household in Percentage	Number of family Members outside Zanzibar
One Member	129	73.0	129
Two Members	31	18.0	62
Three Members	10	6	30
Four members	3	2	12
Five Members	2	1.0	10
Six Members	1	0.5	6

Source: Field Survey (2013)

Based on information collected from individual households in the sampled areas, there were 249 Zanzibaris living outside Zanzibar, which is about 0.02% of the Zanzibar population, the facts is presented in Table 4.7.

4.3.2 Age–Sex Distribution of Sample Household Members Abroad

Migration is mainly regarded as undertaking for youths looking for opportunities and potentials for better life. This study has proved that majority of those living outside Zanzibar belongs to the youth population. As presented in Table 4.7, the study found 72% of Zanzibaris living outside their country belong the ages of 15 to 40 years. With regard to sex distribution of family members living outside Zanzibar in households involved in the current survey, the study found that about 79% of households had males and 21% female family members living outside Zanzibar. When disaggregated, it was found out that; Pemba Island had 41% of households and Unguja had 59% of households with family members living outside Zanzibar.

Table 4.7: Households with family members living outside Zanzibar

Age group	Unguja		Pemba		Zanzibar	
	H/Holds with family members outside Zanzibar	Percentage	H/Holds with family members outside Zanzibar	Percentage	H/Holds with family members outside Zanzibar	Percentage
15 – 30	34	32.7	36	50	70	40
31 – 40	37	35.6	20	28	57	32
41 – 50	22	21.1	13	18	35	20
51 – 60	10	9.6	2	3	12	7
61 – 70	1	1	1	1	2	1
Total	104	100	72	100	176	100

Source: Field Survey (2013).

When increased the active population to 50 years, it was found that, over 92% of households with family members living outside Zanzibar belonged to ages between 15 and 50 years old, the facts are in Table 4.7. The scenario presented the fact that most of those who decided to go outside the country are working population. The study found out that, in one way or another, family members living outside Zanzibar appeared to retain intimate communication with their extended families back home.

About 86% of households communicate with their family members using telephone. Because of the current improvement of technology and means of communications, very few (1.3%) households were communicating with their family members abroad using mailed letters.

Nearly all (98 %) family members abroad are those who belonged to age of working population between 18 and 60 years old if we consider official retirement age. They were mostly involved in economic activities as main sources of their incomes of which partly were saved and sent as remittances to support family members left back at home countries. Table 4.7 present a highly particular cluster of energetic young people aged between 18 and 40 years old constituted 72.5% of all those living outside the country. Despite of this rate of emigration there has been no serious impacts on the workforce, because as noted in the Figure 4.6, that majority of those going outside Zanzibar have attained secondary level education and below. While currently, Zanzibar workforce is full of Universities Graduates and many others joining the workforce every year.

4.3.3 Marital Status of Household Members Living Outside Zanzibar

There were beliefs that males were often involved in migration ventures because of several reasons including ability to afford costs of the venture and flexibility to face transport challenges and living in a new environment without or with minimum support. Focus group discussions of both males and s at Kizimkazi disclosed that in their villages, men used to go away looking for economic opportunities. Even those who were living abroad they are mostly men. According to them, there were few cases where females migrated to other countries. When it happened, they went with their husbands as married couples. Results from this study revealed that about 66% of migrants were married and 30.5% were not married. There were also about three percent who constituted widowed, divorced, living together and separated couples. Figure 4.2% overall marital status of Zanzibaris living abroad as realised in this study.

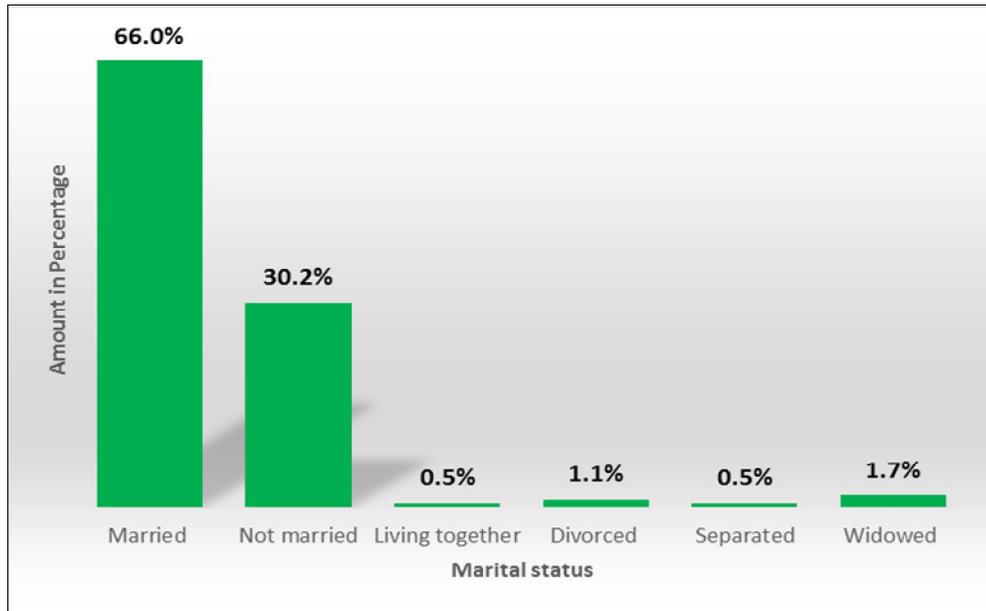


Figure 4.2: Marital Status of Zanzibaris Living Outside Zanzibar

Source: Field Survey, 2013

It was observed that most female members living outside Zanzibar were accompanied by their husbands, mainly, house wives not involved in formal economic activities. However, some of them were remitting little money to their households back home. Such amount might be support offered by their spouses.

4.3.4 The Trend of Migrant Workers Going Outside Zanzibar

A number of Zanzibaris are going outside the Islands every year. There are many reasons justified their emigration (Figure 4.7). Whatever the reasons for their leaving, in the end they earn money for their living and send part of it as remittance and contribute to household income of the family they left behind. The common recipient countries of migrant worker from Zanzibar includes Oman. United Arab Emirates, Dubai (Department of Employment, 2013).

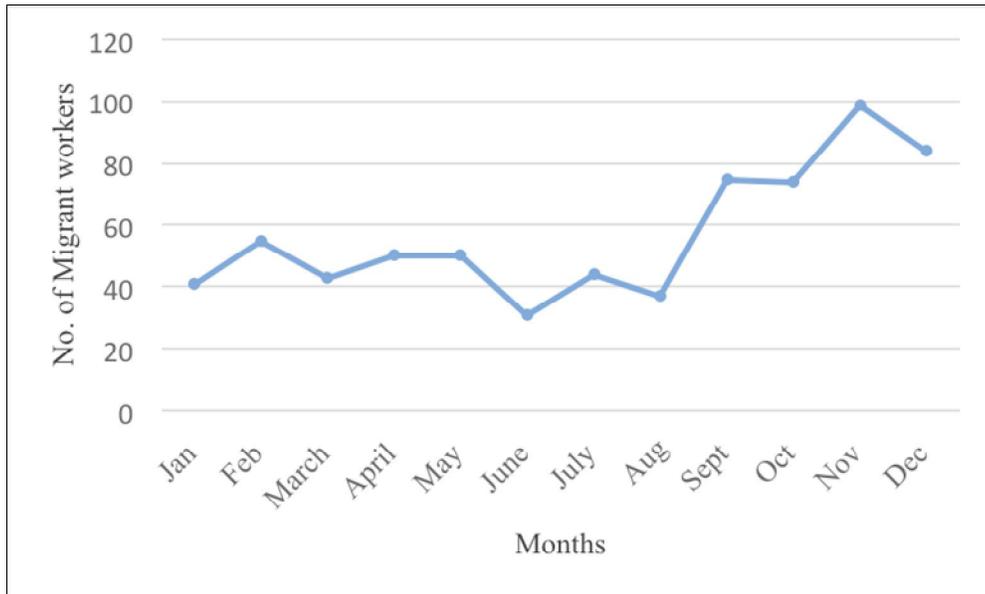


Figure 4.3: Trend of Migrant Workers Abroad in 2013

Source: Department of Employment, 2013

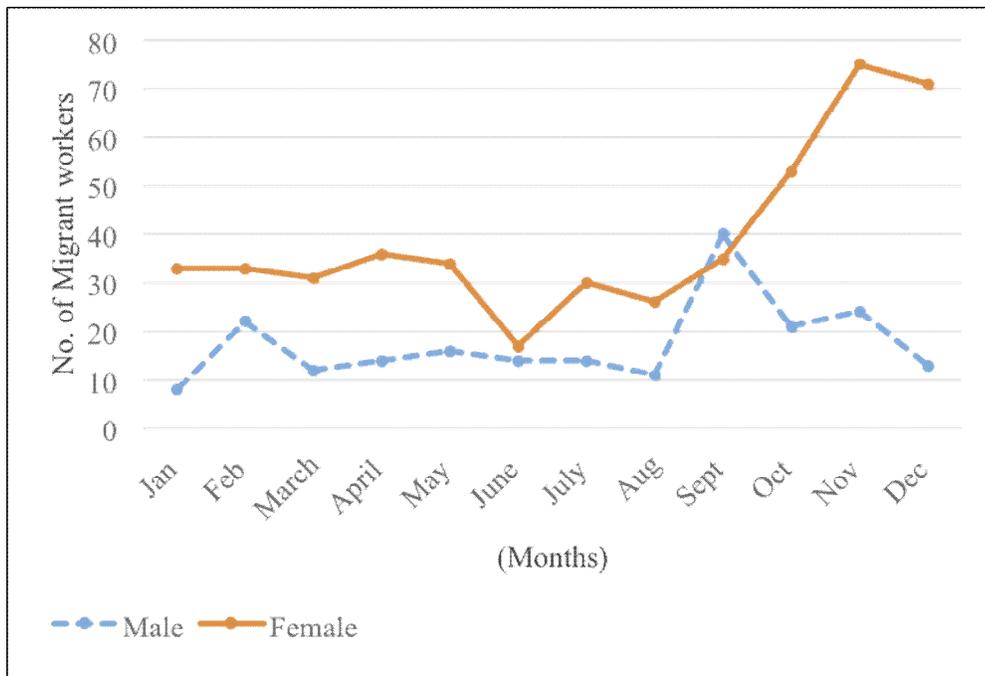


Figure 4.4: Trend Workers going Abroad by Gender in 2013

Source: Department of Employment Zanzibar, 2013

Note: These data include only eight (8) registered employment agencies sending migrant workers abroad through Department of Employment Zanzibar. The trend of migrant workers was increased by nearly 48% from January to December in 2013 (Department of Employment, 2013). The situation indicated possible increment in inflows of remittances probably in the subsequent year. While it is just simple to get the amount of migrant workers travelling abroad through Department of employment or direct from registered employment agencies.

The statistics of migrant workers for the year 2013 indicated that 30.6% of males compared to 69.4% females migrated abroad. Thus, there are more female migrant workers than males (Department of Employment, 2013). Unfortunately, most female migrants are involved in domestic work and hence, they are low paid, such that their ability to remit remains low. The proposal to increase skill level of migrant workers intended to improve the situation by increasing skills of outgoing migrants and increased income so as to attain full potentials of remittance inflows.

4.3.5 Migrants and Diaspora Family Relationship With Household Heads

Using the same survey respondents, information was used to acquire relationship of family members abroad with household heads who revealed affiliation with them. In one form of migration, the decision to migrate was a collective decision. In such kind of migration, migrants and those going to live abroad normally maintain family relations especially if they belong to a nuclear family of which, in turn, expected to send remittances to their family kin back home. Some family members contributed to voyage of their fellows with hope that he/she will get a job to recover the cost of

transport and additional income to send back home as remittances. In such cases, close ties still remain.

Through survey, it was revealed that 45.4% households with Zanzibaris living outside their country are sons and daughters of household heads, 23% were brothers as well as sisters and 11.5% household heads/house owners (Fig 4.5). Such information substantiates the fact that young population are the one living outside Zanzibar.

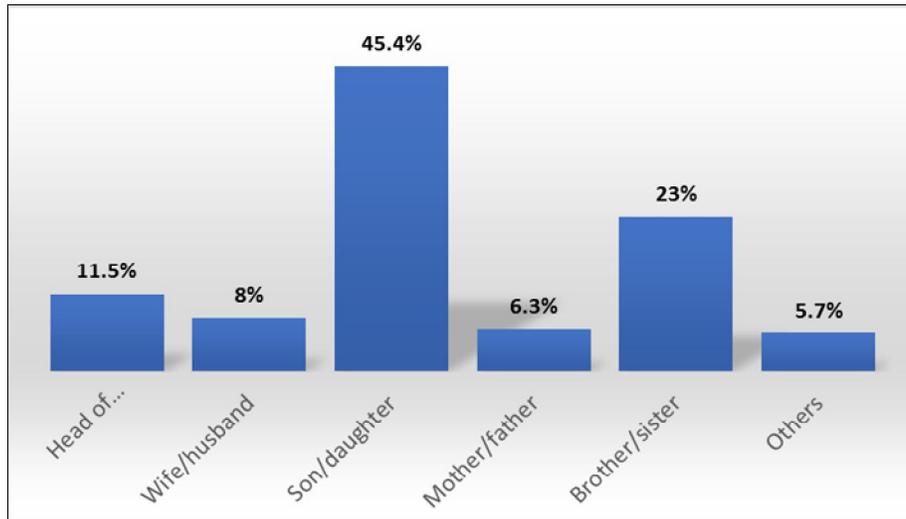


Figure 4.5: Relationship between Household Heads and Migrants

Source: Field Survey, 2013

4.3.6 Education Level for Household Members Living Outside Zanzibar

Generally, households under the study categorised education of their family members living abroad based on level/classes they attained when they left the country. However, there were reports that their members opted to go for further education and some of them were even attending schools during this study. It was encouraging to find that all members of sampled households' living outside Zanzibar attended school

at least to a minimum primary education level. Furthermore, it was found out that majority, 38.6% acquired ordinary secondary level education, about 16% attained advanced secondary education and 25% accomplished university education level. The rest (7.4%) had post-secondary training (non-degree level), 13% achieved primary and post primary education levels, respectively (Figure 4.4).

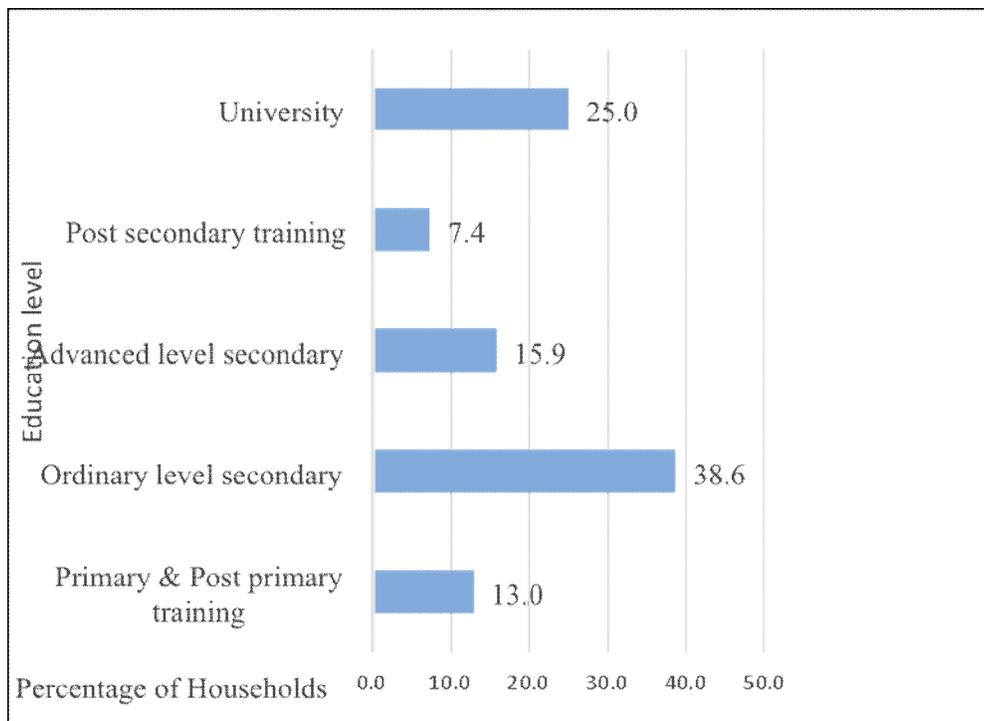


Figure 4.6: Level of Education of Zanzibaris Living Outside Zanzibar

Source: Field Survey, 2013

The statistics show an indication of having Zanzibaris living outside Zanzibar specialised in technical fields, these includes over 25% University graduates (Fig 4.6). Education levels for households' members living abroad were investigated to observe the existing relationship between education levels, decision to migrate, their income and ability to remit. Education levels have an impact on types of job migrants and

Diaspora were engaged in. Hence, they influence on their remuneration and ability to remit part of their incomes to their family members back home.

4.3.7 Economic Activities of Household Members Abroad

One of the reasons for migration and living abroad was looking for jobs, for who left without work contract they spent time searching for employment that can support them to survive. Categorically, they perform temporary/daily paid or permanent employment. The study did not look further on type of employment contract for those working. However, the study managed to identify types or nature of main economic activities they were involved. Their economic activities may influence remittance inflows to their households back home. Figure 4.7 present details on their economic activities.

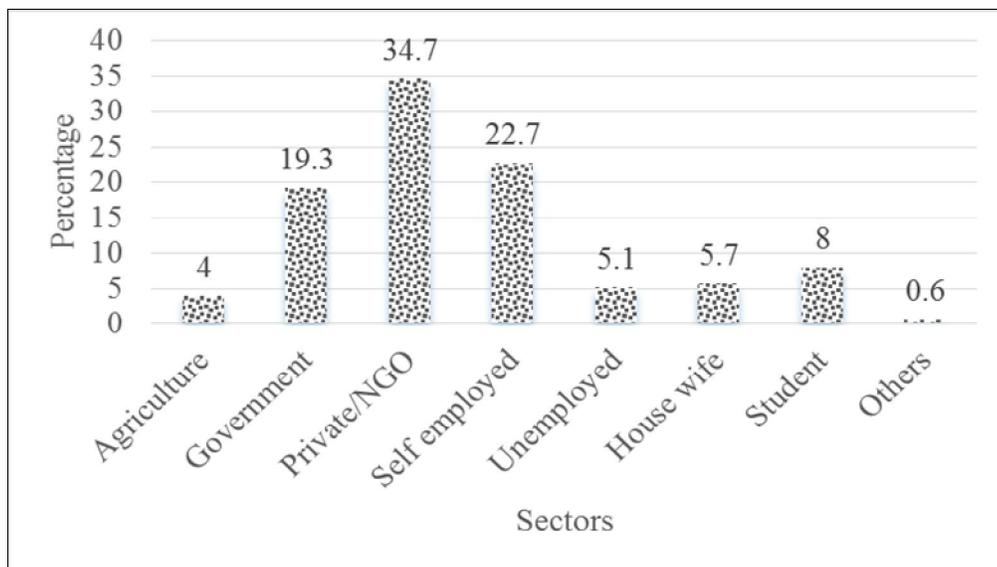


Figure 4.7: Distribution of Remitting Migrants By Economic Activities

Figure: Field Survey, 2013

Most Zanzibaris, as found in this study, working abroad were employed in the private and/or in Non-Government Institutions (34.7%), followed by those who were self-

employed (23%) and Government as well as parastatal organizations (19%) in the third place (Figure 4.7). It was also notice that, there are about four percent who are unemployed

4.4 Household Perception on Migrating Zanzibar

Migration is a familiar and universal phenomenon recurring everywhere in the world. There are several pull and push factors affecting migration from one place to another. Generally, migration is categorized as permanent or temporary, domestic or international migration. This study was looking on migration among the main factors influencing on remittance flows to the migrant countries of origin. For many years, the number of Zanzibar migrants abroad remains unknown. The main reason is that there is no formal system of registration of the same, and the venture is taken as a secret of the individual and the family normally supporting the motion.

According to the perceptions of the household during the survey, it was disclosed that migration was largely a labour market decision and household members' movement to places where jobs are available. In due regard, the study found out that migration revealed a desire of households to expand income sources by sending household members to work outside the country. Later on, such migrants contribute to an increasing number of Diaspora, which also remains unknown unless they secure formal residency in foreign countries and process their registration.

The study revealed that 74% of households supported the idea of their family members to migrate from Zanzibar, about 19% were against the idea and only seven percent were either unaware about the issue or did not respond (Figure 4.8).

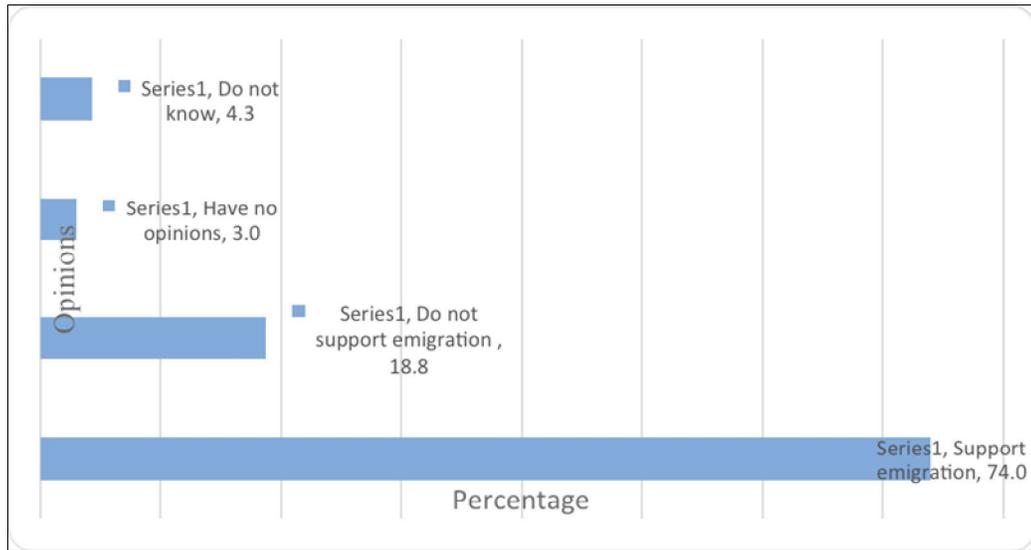


Figure 4.8: Distribution of Household Perception on Migrating Zanzibar

Source: Field Survey, 2013

4.4.1 Reasons for Migrating from Zanzibar

The study found out that migration transpired repeatedly with a positive outlook for majority of households. In a common understanding, migration is influenced by a number of factors. Categorically, there may either be pushing or pulling factors. Push factors force an individual to move to other places or country willingly. In most cases, a person is forced to move because he/she risks something if he/she decides to stay. Push factors may include depressed environments including conflict, drought, famine, political violence and intolerance together with persecution of people who question the status quo of the government. Poor economy and lack of job opportunities are also strong push factors influencing migration.

Pull factors are factors in the destination or foreign country that attract individuals to leave their homes. Such factors are usually desirable that attract people to go where such attractions are available. Better economic opportunities, better paid jobs, and the

potential of a better future life than at their homes often appeal and pull people, into new places. The most significant reasons for migrating included looking for jobs that accounted for 44%, 28% emigrated because of difficult life in Zanzibar, 11% as well as 11% migrated for marriage and business purposes, respectively (Figure 4.9). Among household members living outside Zanzibar, there were four percent migrated from Zanzibar because of land shortage and political reasons.

About two percent of sampled households with their members outside Zanzibar did not know reasons they decided to emigrate and live outside the country. The pie chart presented in Figure 4.9 show the details.

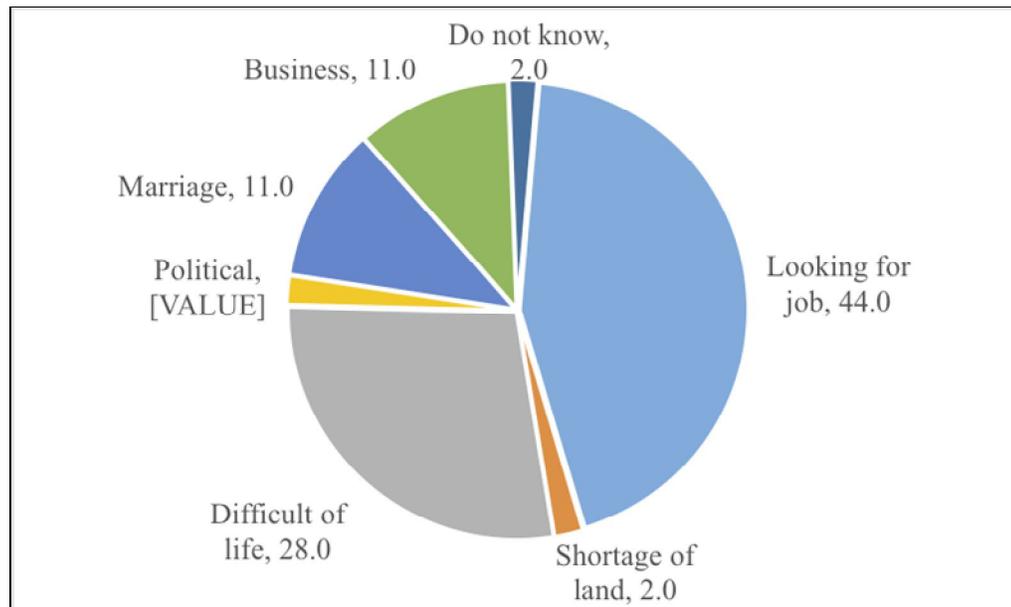


Figure 4.9: Distribution of Household Reasons for Migrating Outside Zanzibar

Source: Field Survey, 2013

4.4.2 Effects of Migration on Family Activities

It is anticipated that an increase in emigration reduces labour force and affects socio-economic activities in a given family, the same applies at national level. Family

separation resulting from migration often implies that it costs household members who stay behind in countries of origin. Similar effects are especially associated with female and children members left behind. Depending on types of activities performed by households, whether on farm or non-farm family activities, obviously people will be forced to adjust their time provision in different activities in response to migration of a household member.

When they were asked on performance of family as a result of absence of some members of the family, 45.7% of respondents reported that, in one way or another; family activities were affected or delayed due to absence of their family members who went abroad. While 54.3% of respondents realized no delay no effect or of any family activities. Of all households who reported effects or delay of family activities, about 66% reported during the interview that migration of their family members had affected or delayed economic as well as production activities and about 40% realised effects on parental guidance and child care.

Household members living abroad were in working ages. Presented results in the preceding paragraph indicate that household economic and production activities were affected due to their absence. Unlike the economic side, parental guidance and childcare were not heavily affected. That was due to, among other reasons that about 63% of household members living outside Zanzibar did not leave their wives and children in Zanzibar as revealed during household interview.

4.4.3 Intimate and Communication of Families Living Abroad

Closeness and regular communication among family members living outside Zanzibar and those remained at home country are among factors influencing on remittance

inflows. Not everyone who went abroad keeps on communicating with his/her family back home. It is especially true for those who went with their nuclear families, in most cases, felt irresponsible of the extended family. More likely as years go by, communication with their families back home is gradually lost and eventually, there is reduction in remittance inflows to the households.

The study found that 86% of households had regular communication with their family members outside Zanzibar through telephone and six percent used to return back to Zanzibar very often. However, about four percent had lost communication with their families for quite some times (Figure 4.10). The study found out that the closer family members are, the more regular remittances are received from their family members abroad. Figure 4.10 portrays means of communication between households and their family members abroad:

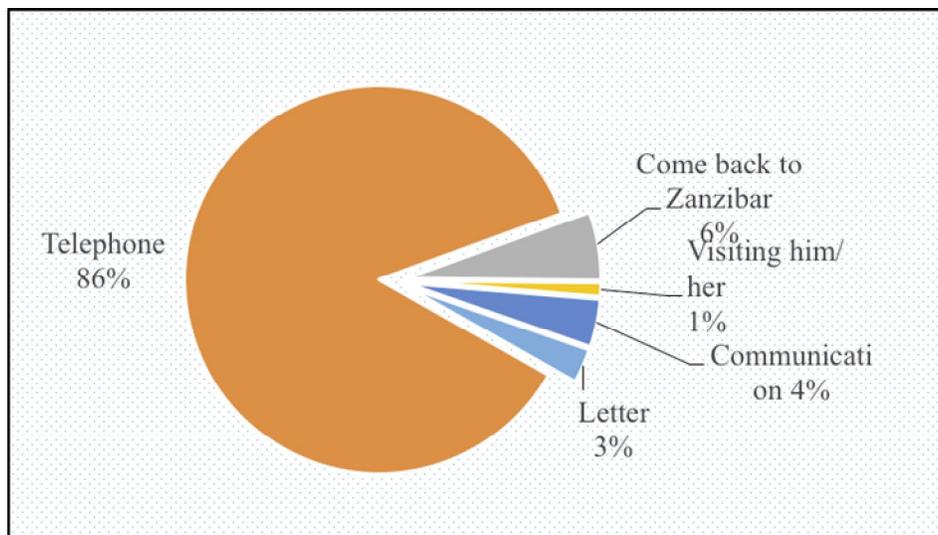


Figure 4.10: Household Means of Communication with Family Members Outside Zanzibar

Source: Field Survey, 2013

The moderately smaller and widely scattered nature of communities they serve stimulated migrants and Diaspora to pursue for the most efficient as well as cost-effective avenues of communication with their families back home. Thus, technology of using telephone has generally been favoured rather than other means of communication.

4.4.4 Family Bond when Leaving Zanzibar

When Diasporas or migrants decided to leave the country to abroad, there were cases where couples went together, went as single or left their children and/or spouses back home. In fact, according to what inspired in focus group discussions, it was revealed that it is very difficult for the whole nuclear family to go at once. However, experience showed that for couples living together abroad, most of them travel one after another to avoid hassle(s) of getting visa for the whole family. If such mission falls short or for any other agreed reasons, a few couples decided to live apart. Both scenarios were observed in the study in diverse behaviours.

Such trouble hardly affected those who left the country when they were not married. However, there were several cases where unmarried men decided to go abroad and returned back for marriage after sometime. But they faced difficulties in getting visa for their spouses to go together abroad. Instead, the spouses were left in separation for years. For those households managed to migrate with their nuclear family of spouses and children, they normally left brothers, sisters and parents living in Zanzibar and one or two members of the same family living outside Zanzibar. This information was reflected previously in this chapter that households with their family members outside Zanzibar were highly affected in economic and production activities compared

to effects in terms of parental guidance and child care. That was due to reason that there were few households left with wives and children by those living outside the country.

4.4.5 Needs for Assistance from Family Members Abroad

The general thinking was that every household with its family member outside Zanzibar was compelled to receive remittances. However, that was not always the case since there were some households that supported their family members to leave the country to look for an opportunity for their own better life ways.

There were also groups of migrants who left the country on their own and they felt no obligation to their families. However, in most cases, migrants were considered as a collective family venture to secure alternative sources of income. Assistance in this study was considered as monetary and non-monetary support provided by a household member to his/ her family back home.

The study observed that 88% of sampled households needed support of their family members living outside Zanzibar. The rest (12%) of households though they have family members outside Zanzibar revealed that they did not need support from their family members living outside Zanzibar.

It was further noticed from the discussion that out of those who did not want support, they included family members abroad who belonged to well off families and those who did not have economic activities to earn enough to support their families back home like house wives and students.

4.5 Remittance Inflows

The study found that there are reasonable amounts of remittance inflows to Zanzibar of various modes using different channels. Apart from the amount, also there was consideration of types of remittance inflows and frequencies of receiving them from abroad as well as from mainland Tanzania.

4.5.1 Frequency of Receiving Remittances

In general, there is no agreement and comparable time including frequency of receiving as well as sending remittances back home. It is likely an event that depends on availability of funds by Diaspora or Migrants themselves and the demand for the funds generated by the family back home. It happened that migrants sent remittance money to their families monthly because they are mainly employed in various paid job/socio-economic entities (Figure 4.7) and they get their incomes monthly.

The study revealed that 48% of respondent households received remittances monthly, 22% received remittances twice a year, while 16% received once a year and 14% of sampled household have their family members abroad but revealed no remittances received from them for the last one year, frequency of receiving remittances are shown in Table 4.8. When they were asked which months they normally received more remittances they revealed that, during Ramadhan and a month before, indicating that there are substantial amount of remittances sent to meet families' costs for Ramadhan and Eid festival.

Table 4.8: Frequency of Receiving Remittances

Receiving Frequency	Unguja		Pemba		Zanzibar	
	Receiving H/Holds	% age	Receiving H/Holds	% age	Receiving H/Holds	% age
Monthly	54	56	24	37	78	48
Once a year	12	13	14	21.5	26	16
Twice a year	21	22	14	21.5	35	22
Not received	9*	9*	13*	20*	22*	14*
Total	96	100	65	100	161	100

Source: Field Survey (2013)

*Households reported to have family members abroad but received no remittances

Results presented in Table 4.8 indicated that, many households received remittances from their family members outside country every month. It is a pattern, which indicates that remittances are sourced to finance family expenditure items required for daily survival among other needs.

4.5.2 Types of Remittances Received

Categorically, remittances were classified into two major types, remittance money and remittances in kind. Remittances in kinds include all other support forms, which are not sent in cash, although the items/remittances in kind can be used as they are or can be exchanged into cash, depending on needs of a particular family. The study observed both types of remittances operational in Zanzibar households. However, remittance money dominated whereby 92% of households received remittance money and only six percent received remittances in kind (Figure 4.11) including clothes and building materials. There were also two percent of remittances received in others forms including sundries and electronic goods.

Remittances in kind, in many countries, are relatively uncommon. When respondents were asked for reasons they received less remittances in kind, they argued that it was costly and difficult to send luggage or materials together with lack of suitable means of transportation, which would be necessary for many durables or building materials. Thus, their family members opted to send money. They also asserted that with money, they can buy what they wanted, in most cases, food stuffs available in Zanzibar. In fact, they contended that it was difficult to get goods to their destinations unless the family member abroad returns home personally. Types of remittances received in Zanzibar households are displayed in Figure 4.11.

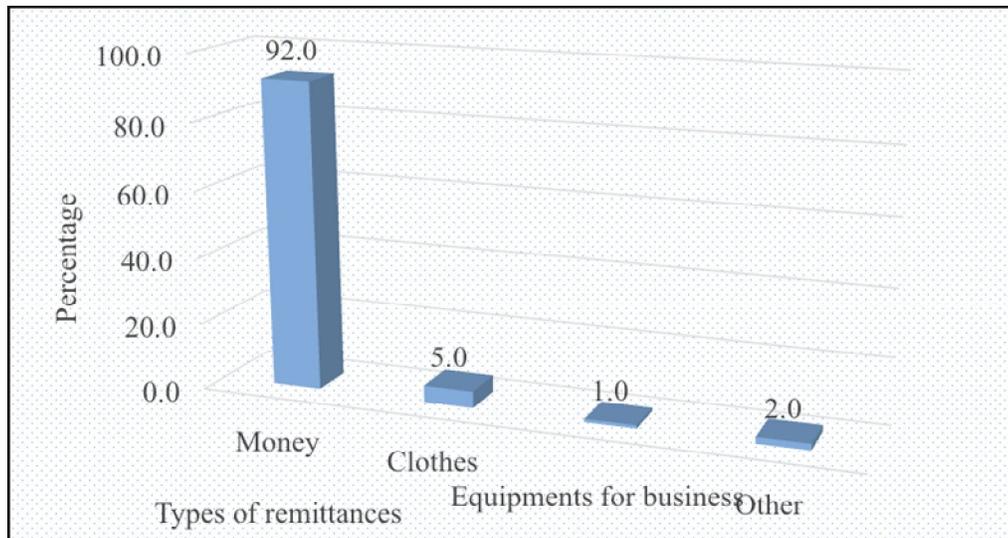


Figure 4.11: Types of Remittances Received

Source: Field Survey, 2013

The scenario presented facts that when talking about remittances, the common understanding was money because almost every household that received remittances got money. In few cases, households received remittance in kind, especially home appliances including electronic goods and clothes reported occasionally or during the annual festival when household members living abroad used to join their families.

4.5.3 Amounts of Remittances Received

Usually households vary in terms of income and it is the same they do in the amount of remittances received annually. Based on frequency of remittances received by sampled households, the study went further to ask on the amount each household received annually. There are several factors influencing on sending remittances that all affect the amount of remittances and variations among migrants and diaspora households at their home countries. Precisely, 2012 was taken as a reference year whereby all recipients households were referred to, since all transactions of that particular year were already affected. Respondent households were categorized received remittances ranging from 100 to over 5000 United States of America dollars (US\$) annually.

According to results obtained from this study (Figure 4.12), many households 63% in the sampled area received US\$100 – 1000 annually. However; there were notable differences observed among recipient households. The highest remittance recipient households received up to US\$ 4 000 constituted only 2.6% of remittance receiving households. Also there were 25% of households received US\$ 1 001 to 2 000 and 9.4% of sample households received between US\$ 2 001 and US\$ 3 000 annually (Figure 4.12).

Presented information indicates that most households fall under the lower category in terms of the amount of remittances they received from their family members abroad. This is obviously influenced by income level of the family members remitting the money back to their homes, which ultimately affects the amount of remittances they were able to dispatch.

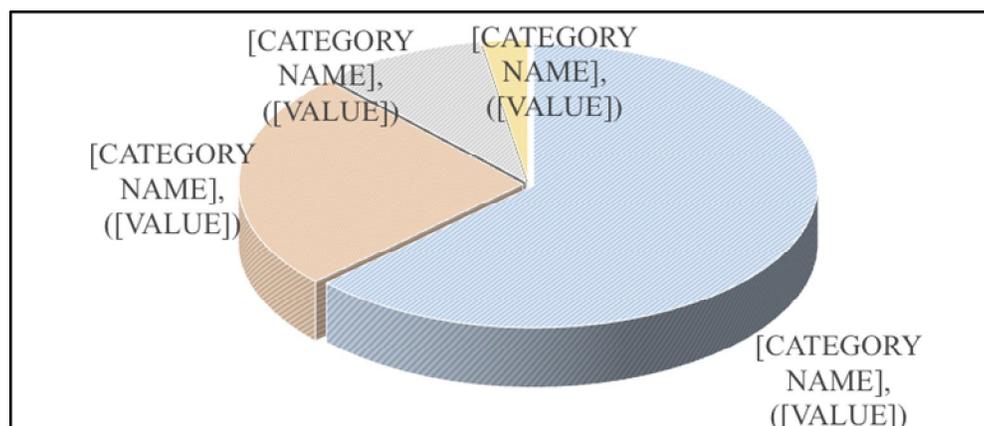


Figure 4.12: Amount of Remittances Received by Households in US\$ Annually

Source: Field Survey, 2013

4.5.4 Remittance Inflows through Banks

The study went through commercial Banks to look for information on remittance inflows through respective Bank. Nine commercial Banks was visited, we managed to get information on remittance money inflows in six Banks, which declared to receive remittances from various countries including United Kingdom and United Arab Emirates as the leading senders of remittances to Zanzibar. Substantial amount of remittances are flowing, these includes remittances going to investment and saving accounts of Diaspora and migrant workers. The amount of inflows are presented in Table 4.9.

Table 4.9: Remittance Inflows through Banks

Banks	Monthly Remittance inflows	Annual Remittance inflows	Percentage of total inflows
1.	51 000 000	612 000 000	23.6
3.	29 000 000	348 000 000	13.4
4.	30 000 000	360 000 000	13.9
7.	46 000 000	552 000 000	21.2
9.	35 500 000	426 000 000	16.4
10.	25 000 000	300 000 000	11.5
Total	216 500 000	2 598 000 000	100

Source: Field Survey (2013). 2 829 468 000

For the reference year 2012, the amount of inflows vary from one Bank to another. This is common scenario, however, level of variation usually remain indefinite based on the customers capacity to use the bank to remit and demand of the money back home for investment and other expenditures.

4.5.5 Remittance Money Received from Mainland Tanzania

The study classified remittances received as international remittances received from outside Tanzania and local remittances including remittances received from relatives in all regions of Tanzania other than Zanzibar. The classification was prepared in the list of questions due to experiences and reports from household respondents on the presence of family members in Mainland Tanzania and others living overseas. Both used to remit to their families in Zanzibar.

They both used to remit money and in kind. However, the nature, frequency and amount of remittances sent differed between international remittances and local remittances from various regions of Tanzania. Local remittances are a common concept in Tanzania mainly, as an outcome of rural urban migration. About 44 percent of remittance receiving households (70 households) received local remittances.

The study indicated remittances from mainland Tanzania as local remittances. Results from the study revealed that at minimum, the household received Tshs. 100 000 to 200 000 annually. This category constituted 90% of households. However, the study also found 4% of households received 200 001 to 400 000 and 600 001 to 800 000 respectively (Figure 4.13).

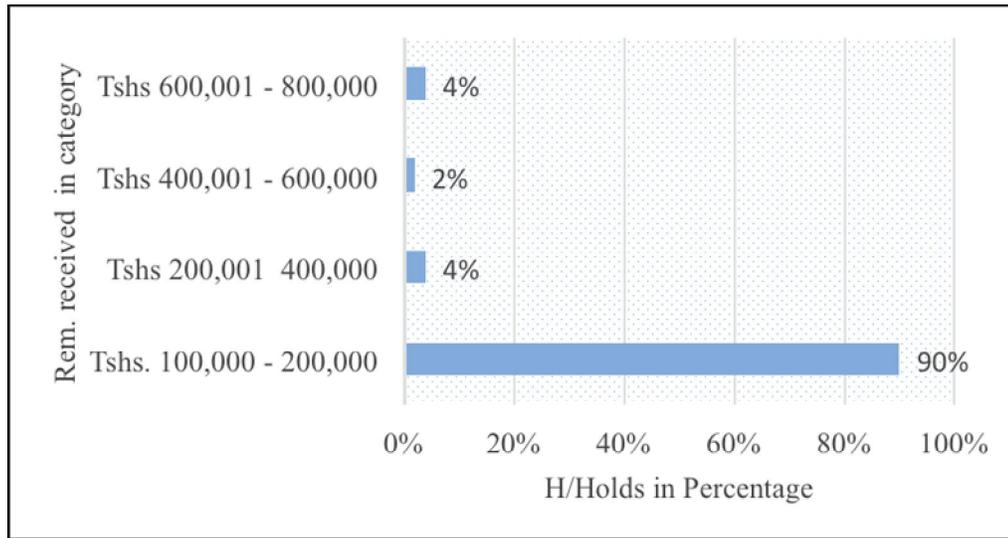


Figure 4.13: Remittances received from mainland Tanzania (Tshs) Annually

Source: Field Survey, 2013

Like the scenario observed in the inflows of international remittances, households received local remittances in the lowest category are many, leaving very few households received handsome amount of remittances. This indicates the fact that most of remitters or migrant workers have low capacity to remit back to their home country.

4.5.6 Remittance Inflows in Kind

Apart from remittance money, migrants and diaspora also remit in kind or in terms of goods for their family members in Zanzibar. Such kinds of remittances were in forms like consumer goods and durable goods. It was found that this type of remittances was in practice, and they were common like remittances in cash. It was found that, remittance in kinds was sometimes used as business for family members. Several reasons were revealed for migrants preferred to remit goods and equipment for their family including increasing value or money earned upon selling of goods or

equipment they decided to remit to their family back home. Non-cash or remittances in kind transfers comprised mainly consumer goods, involved majority physical delivery. They include clothes, tools as well as equipment for family uses and sometimes for business.

In many cases, remittances in kinds are sent in bulky, a pattern, which creates a burdensome to transmit. Thus, it involved high costs of which those who wanted to remit always avoided. It was pronounced that there were few Zanzibaris living outside Zanzibar and they are used to visit/go back to Zanzibar regularly. Table 4.10 presents percentage of remittances received by households in one year.

Table 4.10: Households Received Remittances by Type and Income Category

Remittance money				Remittance in kind	
Remittance received (USUS\$)	% age of H/H received remittances (in US\$) N = 116	Remittance received (Tshs.)	%age of H/H received remittances (in Tshs) N = 78	Value of Remittance received in kind (Tshs.)	%age of H/H received remittances in kinds N = 96
100-1 000	63% (73)	100 000-200 000	90% (70)	50 000-1 000 000	55% (53)
1 001-2 000	25% (29)	200 001-400 000	4% (3)	1 000 001-2 000 000	21% (20)
2 001-3 000	9.4% (11)	400 001-600 000	2% (2)	2 000 001-3 000 000	13% (12)
3 001-4 000	2.6% (3)	600 001-800 000	4% (3)	3 000 001-4 000 000	1% (1)
4 001 +	0 % (0)	800 001-1000 000	0% (0)	4 000 001-5 000 000	9% (9)
				5 000 001 +	1% (1)

Source: Field Survey (2013)

*The numbers in brackets are the households received remittances at that range

As presented in Table 4.10, it is clearly observed that majority of households who had their family members living outside Zanzibar belong to the lower category among those who send remittances back to Zanzibar, both from abroad and those from mainland Tanzania. The lower category in this study included the minimum amount revealed to be received by the households. The study did not go further to look in detail for each single household remittance received compared to the income of family members used to send remittances. However, it is common understanding that the amount of remittances sent back home has a direct relationship with income of the family members sending remittances.

4.5.7 Means/Channel of Receiving Remittances

Generally, remittance trading and deliveries is characterized by prominence of formal and informal methods of funds-transfer and instruments. Being formal or informal are relative concepts applied in many developing countries. The cut-off point between the formal and informal channel as adopted in many countries including multilateral agencies is that the former operates through regulated institutions and the latter via mechanisms that operate outside the regulated financial system.

Financial institutions like banks, money-transfer firms, post and telegraph services together with other related financial services dominate formal transfers. While informal transfers are difficult to identify and categorize since the varieties are normally exploiting local systems established through mainly couriers and traders, vendors or using a simple system of carrying money in person across borders. The study results showed that relative importance of formal versus informal methods varies according to circumstances prevailing at the host country as well as the home

country where migrants came from. Normally, informal remittance money transfer schemes are widely used by migrants and Diasporas where legal status of sender aside, it grows and flourishes in countries where financial institutions are few, weak or hardly accessible, features presenting most of the home countries of world migrants.

Use of primary means of remittance delivery differs, to some extent, from one country to another and even within Zanzibar. It differs from one island to another, that is, Unguja and Pemba. The study also noted District differences in means of remittance deliveries. About four percent of respondents' households received remittances through other means including regular visits by their family members in Zanzibar, which all constituted informal channels.

Banks, Western Union, post office and other specialized money transfer services were hardly used in Zanzibar. Approximately, 34% of respondents in Zanzibar reported use of such formal channels as their primary means of receiving remittances. Informal channels including hand-delivery methods and use of remittance vendors accounted for 62%. They appeared to be highly popular in Zanzibar, as presented in (Figure 4.14).

Through financial institutions, the survey went on looking for channels and instruments used in transaction of remittances together with effectiveness of the instruments to attract remittance receivers. Despite high concentration of the formal banking sector, fixed transaction costs and tedious documentation requested to meet regulatory requirements was mentioned to render small-value transactions unattractive

for remittance receivers. Thus, as noted, majority prefer to use informal channels, considering a number of attractive factors for their options.

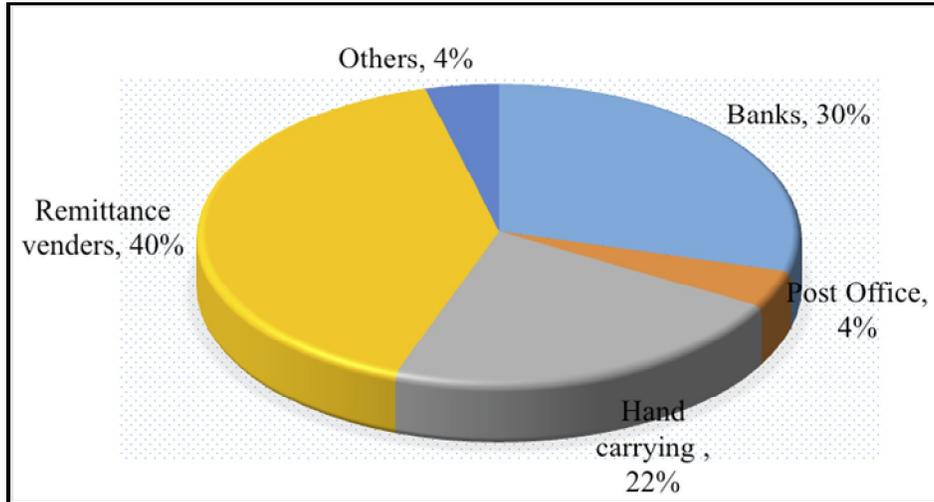


Figure 4.14: Channels of remittance delivery in Zanzibar

Source: Field Survey, 2013

Most remittances received are of relatively low value (refer Table 4.9), regular or frequent and mainly, involved persons at both ends because they are generally targeted at household level for family maintenance. Remittances were delivered in form of cash or credit transfers and transfers in kind (including transfers of goods). Cash transfers are sent in either foreign currency or local currency by means of physical transfer of cash. Credit transfers are based on payment instructions from providers in the sending country to providers in the receiving end. Thus, they involve a remittance sender, those who are living outside Zanzibar, a recipient (family member at home country) and intermediaries available in both countries and the payment interface used by the intermediaries. Altogether, they comprise the remittance channel. See Figure 4.15.

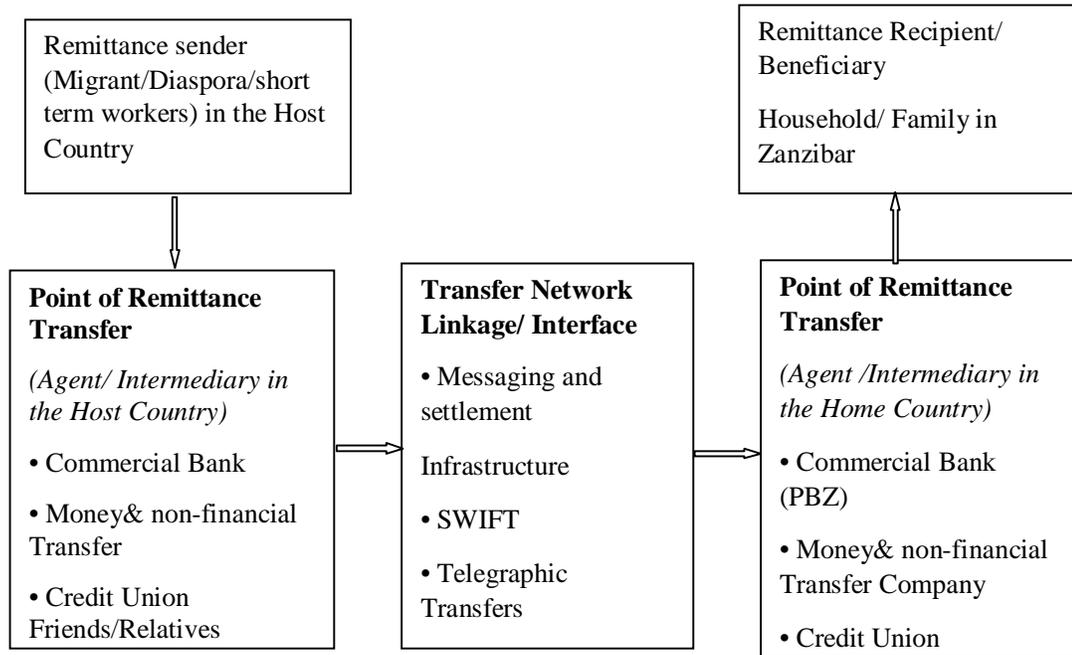


Figure 4.15: Remittance Channels

Source: Field Survey, 2013

The above channels was discussed with visited banks and observed, in practice, during field survey in a number of financial institutions when affecting remittance money transactions to beneficiaries. The channel was also applied for transactions other than remittance funds. However, there are several Zanzibaris living outside the country used a “short cut” channel for sending both remittance money and other non-financial remittances.

4.5.8 Effectiveness of Channels on Receiving Remittances

The effectiveness of one channel of remittance depends highly on quality of services provided by an agent/intermediary in the host country and agent/intermediary in the home country. Whether a formal or an informal channel, clients would like to receive remittance safely, with low costs, less trouble and less bureaucratic manner.

The senders and beneficiaries of remittances normally did an assessment on the available channels considering all above factors among others before making rational decision to go for one channel to be used for sending and receiving remittances. It was noticed during the field survey that remittance senders and receivers had their preferred channel(s) regularly used. However, some of them used both formal and informal channels, depending on the situation at the time of sending or for receiver depended largely on the channel used by his/her family member (sender) abroad.

Because the study was only able to discuss with beneficiaries of remittances, assessment on satisfaction of the channels used were deliberated from this end. Through interviews, it was found that about 68% of remittance receiving households qualified their means of receiving remittances as very good. Because about 62% of remittance inflows to Zanzibar were going through informal channels (refer Figure 4.14). This finding in (Figure 4.16) also justified that receiving households were very much gratified with operations of informal channels of receiving remittances.

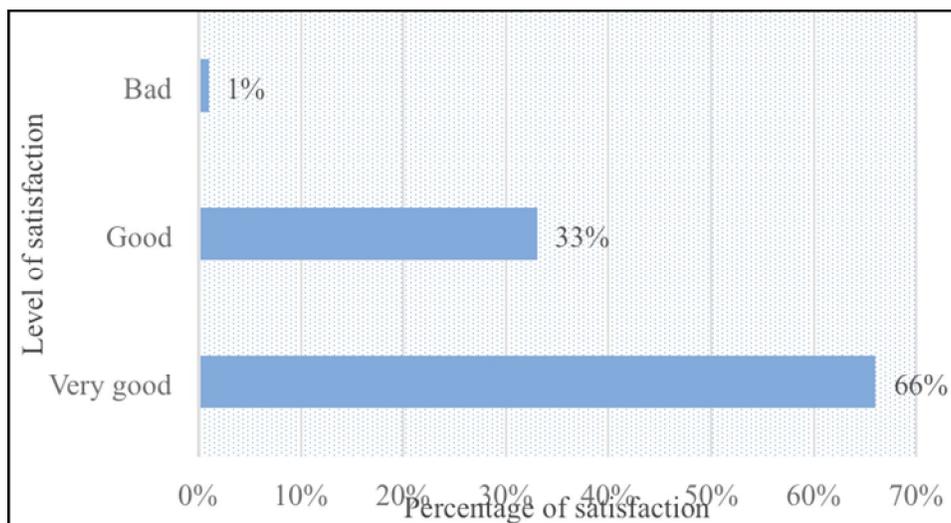


Figure 4.16: Level of Satisfaction of Remittance Receiving Channels

Source: Field Survey, 2013

About 66% ranked their channels of receiving remittances as very good, 33% was good and only one percent proclaimed the channels as bad (Figure 4.16) such that they were dissatisfied. They further associated the channels with high costs and bureaucracy.

4.5.9 Beneficiaries' Perceptions on Helpfulness of Remittances

Many proponents attested benefits from remittances on livelihood of beneficiaries or remittance recipients. Findings justified that remittances are helpful in supporting the welfare of receiving households. However, the magnitude of helpfulness varies among households, depending on number of factors including uses of remittances and the level of household income as well as welfare status.

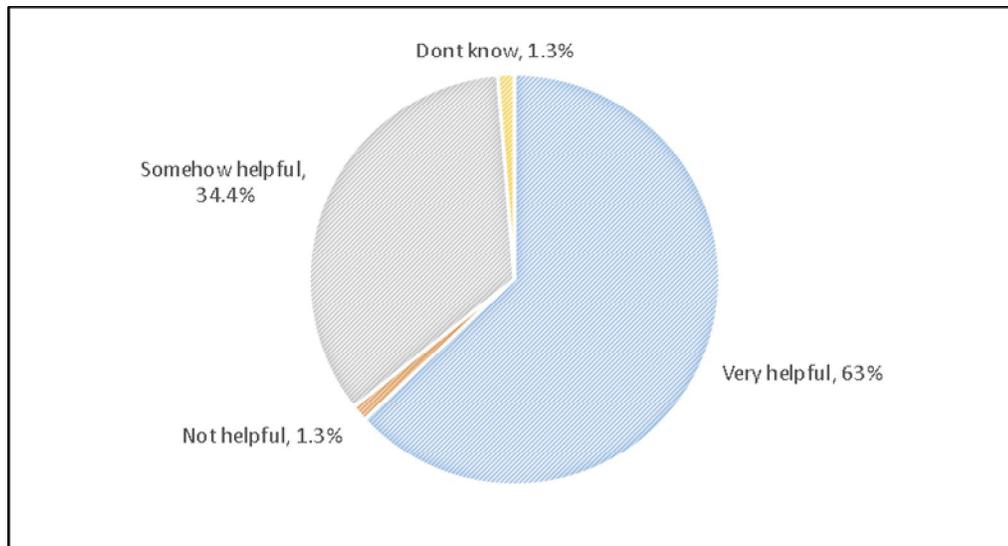


Figure 4.17: Helpfulness of Remittances to Receiving Households

Source: Field survey, 2013

When the household respondents were asked on extent to helpfulness of remittances they received, 63% agreed that remittances are very useful and supportive to their family lives (refer Figure 4.17). They considered remittances as the single most

important resources to support their families' livelihoods. About 34.4% revealed that remittances were helpful, to a certain extent (Figure 4.17), because they had other sources that took a large proportion of family expenditures.

During the survey, it was also found out that 1.3% of recipients who were uncertain on remittances were receiving whether it was helpful to support their life or not, and 1.3% pronounced visibly that remittances were not helpful to their families. Details are presented in the Figure 4.17.

4.6 Uses of Remittances

Uses of remittance money and its linkages with development can be investigated at three levels. At macro level, where remittances are determined as valuable sources of foreign exchange that can be used to inject more capital in the country's economy to support reducing deficits in the balance of payments. At the meso level, remittances are used to finance communities' projects supported by migrants associations overseas. The study observed a practical example of remittances expenditure at meso level on construction of schools at Kizimkazi village in Southern region of Zanzibar. Such kinds of development projects were started and funded by associations of Diasporas and migrants overseas.

At the micro level, the study exactly focused on this level where remittances are considered as major source of household livelihoods. Remittances usually flow directly to individual households. Remittances can be used in a variety of ways. They contribute to household consumption in food, clothes, healthcare and other basic services. There were also forms evidence observed that some remittances were used

for investment purposes and thus, they increased access to capital, which contributed to effective uses of remittances.

Proponents of remittances normally differentiate between “productive” and non-productive” uses of remittances. The approach was not reflected in this study because the researcher's experience and from what was professed in the households’ survey, the distinction between the two was imprecise. A practical example was found at a household that bought a car from remittances they received, which was used for sending children to school, sending household members to health services and other needs for household transport. The same car was used for hiring and carrying luggage as a household business. In the same vein, uses of remittances on food, clothing and other home utilities are normally regarded as households’ consumption of which in this study constituted about 75%, but the same consumption contributes to improving human capital (Figure 4.18).

The study also found that remittance uses in Zanzibar varied significantly, depending on several factors including the level or amount of money and frequency of household receiving remittances and the situation of receiving household. Poorer households normally spend most of their remittances to meet their basic needs. For investing remittances, the well-off households were in better position since they possess some other resources to spend in the basic needs. Considering the fact that about 44% of Zanzibaris were living in basic needs poverty (RGOZ, 2010), it was expected that majority spent their remittances on consumption purposes to acquire basic necessities.

The study findings reflected reality that about 75% of the households spent their remittances for consumption, mainly in food, clothes, and health services, and 13% in

education. In this scenario, the remaining (12%) of households spent remittance received on businesses specifically on building houses and investments (Figure 14.18) The latter group of households included households with their family members abroad sending specified portion of remittance with predetermined purposes.

With this situation, remittance inflow to Zanzibar was realized to be spent mainly on survival, supporting livelihoods and household welfare. This scenario transpired in households received remittances in Zanzibar based on the national and local context supported by the country's policies on emphasis on improvement of social services.

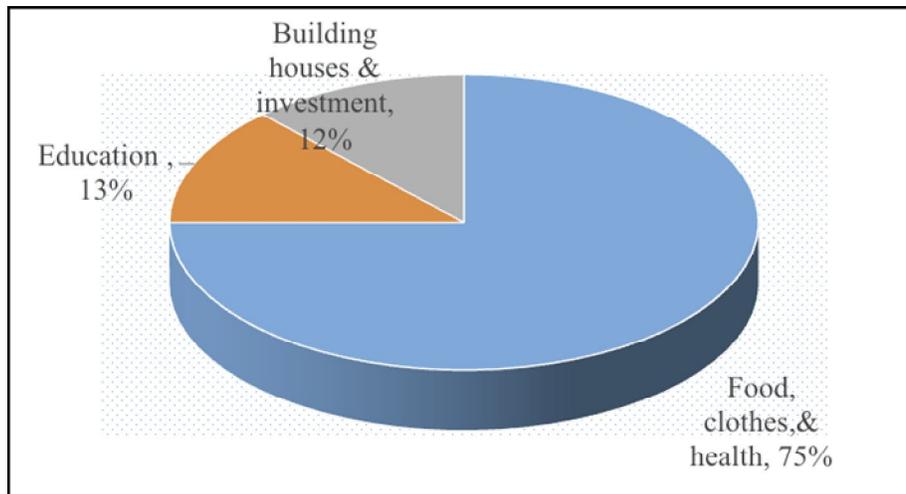


Figure 4.18: Household uses of Remittances Received in Zanzibar

Source: Field Survey, 2013

4.6.1 Remittances and Household Income

This study considered household income as the total earning from all people living in particular households. Income referred to as salaries and benefits received from employment, personal business, investments and other sources. Such incomes are normally used as household expenditures to cater for people's needs living in a particular household.

Livelihood activities are sources of household income of which in Zanzibar they are highly diversified and built on varieties of sources and activities. In general, the main activities or sectors of employment includes agriculture, fisheries and service sectors particularly tourism, most of household income are derived from these sectors. This is because of nature of activities performed by majority, both in agriculture and fisheries.

They are small scale, low productive capacity and subsistence in nature. By using the information collected from the field survey, household income was calculated for both remittance recipients and non-remittance recipient households. Below are the definitions and formulas used for calculation of household income:

X_1 = Mid value. Monthly H/Hold income. Therefore $X_1 = y1+y2/2$

X_2 = Mid value Monthly H/Hold (income) per year. $X2 = (X_1)^n$

f_x = Total Annual H/Hold income $f_x = (x2)^f$

f = Frequency (No. of H/Hold in income group)

f_s = Family size (No of people in H/Hold)

$y1$ = Minimum income in group category

$y2$ = Maximum income in group category

n = Number of months remittances received

PI = Av. Monthly personal income = X_1 / f_s

Table 4.11 indicate household income for all sample households as collected from household questionnaires. Income in this table include all other sources excluding remittances.

Table 4.11: Households Income (Tshs) all Sample Households (without Remittances)

Income category per month	(Mid value) monthly H/Hold income	Av. Monthly personal income	Annual H/Hold income	Frequency	Total Annual H/Hold income	% of H/Hold in income group
	X_1	PI	X_2	f	fx	
100 000 -200 000	150 000	30 000	1 800 000	258	464 400 000	65.6
200 001 – 400 000	300 001	60000	3 600 012	104	374 401 248	26.5
400 001- 600 000	500 001	100000	6 000 012	23	138 000 276	5.9
600 001- 800 000	700 001	140000	8 400 012	6	50 400 072	1.5
800 001-1 000 000	900 001	180000	10 800 012	2	21 600 024	0.5
Totals	2 550 004		30 600 024	393	1 048 801 620	100

Source: Computations by the author from the field Survey data, 2013

$$\text{Est. average annual household income} = \frac{\sum fx}{\sum f} \text{ Tshs. } \frac{1\,048\,801\,620}{393} = \text{Tshs. } 2\,668\,704$$

$$\text{Estimated average monthly household income} = \frac{\text{Tshs. } 2\,668\,704}{12} = \text{Tshs. } 222\,392$$

$$\text{Estimated average monthly personal income} = \frac{\text{Tshs. } 222\,392}{5} = \text{Tshs. } 44\,478$$

Household income category indicated in the Table 4.11 presented serious image of differences in income between the lowest and the highest income groups. Before injection of any remittances, about 66% of all sample households were living in the lowest income category of Tshs 100 000 to 200 000 per month. Whereas, 0.5% households belong to the highest income category between Tshs 8000 000 and 1 000 000 per month.

Monthly personal income ranges from as low as 30 000 per month to 180 000 with only few individuals (0.5%) in the households considered as the highest in the category. This facts is also applied for all non-remittances recipient households, see Table 4.12.

Table 4.12: Households Income for Non-Remittance Receiving

Income category per month	(Mid value) monthly H/Hold income	Annual H/Hold income	Frequency	Total Annual H/Hold income	% of H/Hold in income group
	X_1	X_2	f	fx	
100 000 – 200 000	150 000	1 800 000	161	289 800 000	68.2
200 001 – 400 000	300 001	3 600 006	53	190 800 318	22.5
400 001 – 600 000	500 001	6 000 006	17	102 000 102	7.2
600 001 – 800 000	700 001	8 400 006	5	42 000 030	2.1
800 001 – 1 000 000	900 001	10 800 006	0	-	0.0
Totals	2 550 002	30 600 024	236	624 600 450	100

Source: Computations by the author from the field Survey data, 2013

$$\text{Estimated average annual household income} = \frac{\sum fx}{\sum f} = \frac{624\,600\,450}{236} = 2\,646\,612$$

$$\text{Estimated average monthly household income} = \frac{2\,646\,612}{12} = 220\,551$$

$$\text{Estimated average monthly personal income} = \frac{X_1}{fs} = \frac{220\,551}{5} = 44\,110$$

For the household which do not receive any remittance, lowest income category was even more. About 68% of non-remittance recipient households were living in the lowest income category. Because they received no remittances, there was no additional income apart from internal sources generated from their economic activities. The situation may display the fact of differences in remittances income.

When we grouped remittance recipient households, their income both remittance income and income from other internal sources. The scenario was similar to other group in terms of frequencies of households in the lowest category of income. About

62% of households were living in the lowest income group category between Tshs 100 000 and 200 000 per month was still majority with compare to 1.3% of households living in the highest income category of Tshs 800 000 to 1 000 000. See Table 4.13.

Table 4.13: Household Income without Remittance (Rem. Receiving Households)

Income per month	Mid value per month	Mid value per year	Frequency	H/Hold in income group	
	X 1	X 2	f	F _x	%
Tshs. 100 000 – 200 000	150 000	1 800 000	97	174 600 000	61.8
Tshs. 200 001- 400 000	300 001	3 600 012	51	183 600 306	32.5
Tshs. 400 001- 600 000	500 001	6 000 012	6	36 000 036	3.8
Tshs. 600 001- 800 000	700 001	8 400 012	1	8 400 006	0.6
Tshs. 800 000-1 000 000	900 001	10 800 012	2	21 600 012	1.3
Totals	2 550 004	30 600 024	157	424 200 360	100

Source: Computations by the author from the field Survey data, 2013

Estimated Average annual household income $\frac{\sum fx}{\sum f} = \frac{\text{Tshs. } 424\,200\,360}{157} = 2\,701\,913$

$$\frac{\sum fx}{\sum f} = \frac{424\,200\,360}{157} = 2\,701\,913$$

Estimated Average monthly household income = $\frac{\text{Tshs. } 2\,701\,913}{12} = 225\,159$

$$\frac{2\,701\,913}{12} = 225\,159$$

Estimated Average monthly personal income = $\frac{\text{Tshs. } 225\,159}{5} = 45\,032$

Meaning that even those households receiving remittances, majority are receiving small amount of remittances and hence, proportion of remittances they are receiving, contribute about 13% in the household income. Income category for remittance recipient households also display similar scenario with majority of households living in the lowest income category. However, percentage wise, 24.3% of the lowest income group among remittance recipient households was smaller compared to non-remittance recipient households, see Table 4.14 for details:

Table 4.14: Average Annual Households Income from Remittances (US\$)

Income category per month	(Mid value) monthly H/Hold income	Av. Monthly personal income	Frequency	Annual H/Hold income	Total Ann. H/Hold income
Income in US\$	X_1	PI	F	fx (US\$)	%
100 - 400	250.00	50	28	7000.00	24.3
401 - 600	500.50	100	21	10 510.50	18.3
601 - 800	700.50	140	16	11 208.00	14.0
801 - 1 000	900.50	180	13	11 706.50	11.3
1 001 – 1 500	1 250.50	250	19	23 759.50	16.5
1 501 – 2 000	1 750.50	350	6	10 503	5.2
2 001 – 2 500	2 250.50	450	5	11 252.50	4.3
2 501 – 3 000	2 750.50	550	4	11 002.00	3.5
3 001 – 4 000	3 500.50	700	2	7 001.00	1.7
4 001 – 5 000	4 500.50	900	1	4 500.50	0.9
Totals	13 854.00		115	108 443.50	100

Source: Computations by the author from the field Survey data, 2013

$$\text{Estimated average annual household income} = \frac{\sum fx}{\sum f} = \frac{\text{US\$ } 108\,443.50}{115} = \text{US\$ } 943$$

$$\text{Est. average monthly H/hold remittance income} = \frac{\text{US\$ } 943}{12} = \text{US\$ } 78.6 = \text{Tshs. } 135\,000$$

$$\text{Est. average monthly personal remittance income} = \frac{78.6}{5} = \text{US\$ } 15.75 = \text{Tshs. } 28\,296$$

$$1\text{US\$} = \text{Tshs. } 1\,800 \text{ (2013)}$$

Monthly personal remittance income was only 50 Us Dollar, those who are in the highest income category received about 900 US Dollar monthly, however only 1% received that amount.

4.7 Household Poverty and Welfare Status

The study concentrated on looking for impacts of remittance inflow on household poverty. This section presents empirical results on the status of poverty at household level as revealed by respondent households during interviews. The household

questionnaire had specific questions for data related to assessment of poverty level at every sampled household. For validity of data collected; it is important to note that the study used common and essential poverty indicators employed in many poverty related surveys, like household Budget Surveys (RGOZ), economic surveys, livelihood index survey and the like (See indicators in the household questionnaire, Appendix 1).

The measurements also considered general definition of poverty. For specific environment of Zanzibar, the researcher deliberated and presented level of household poverty based on local perspectives using indicators applied in a similar survey in the country. Much more information was presented on economic undertakings of household members, human settlements and housing characteristics including quality of housing and access to related social amenities of which all were considered as an essential part for reducing poverty. Then the analysis considered remittances as essential resources that contributed to successful poverty reduction initiatives, especially in examining welfare differences between recipient and non-remittance recipient households. Initially, households were categorized into three grades, the rich or well off, average and poor households. Such categorization was based on physical appearance of the households as observed by researchers, the types and quality of construction materials as major features influenced grading of a given household (See Figure 4.19).

Categorically, sampled households were dominated by an average of about 75% households living in the middle class. They included houses built on standard construction materials not of high quality. The pattern was unlike the well-off/rich

households living decent life, which constituted 5.0% of all households. Their houses are made of quality and expensive materials because of affordability to go for such supplies.

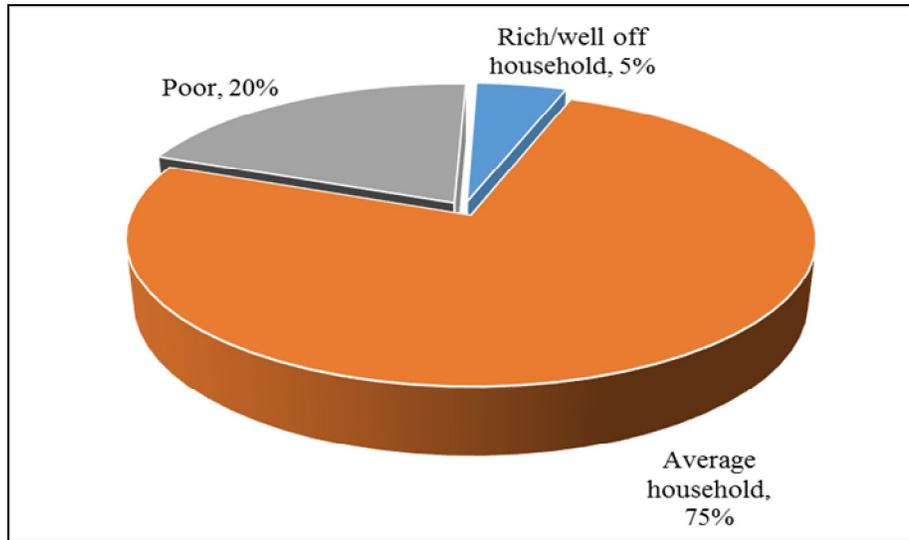


Figure 4.19: Categorization of Households by Wealth Status

Source: Field Survey, 2013

The poor household category involved about 20% of sampled households (figure 4.19). The houses in this category are of low quality construction materials mainly found in suburbs, deprived and rural areas involved in the study. The average households dominated in the sample because the study concentrated in urban areas where remittance businesses were transacted extensively.

4.7.1 Housing Characteristics and Ownership

The status of household and dwelling is among features providing an image of poverty at household level. In a well-off society, every one desires to live in a quality house with all necessary facilities within and nearby households. Analysis on dwelling in this study provides an overview of housing construction materials, ownership,

sleeping rooms including available services like sources of main fuel for lighting and cooking, drinking water, health services, sanitary facilities and others. Housing characteristics have been used as vital input for measuring wellbeing status and normally, for assessing performance of poverty reduction programme including Zanzibar Poverty Reduction Strategy periodically.

In Zanzibar, having a shelter is not such a big deal. The issue is mainly type of dwelling, ownership and its status. This is happening throughout because inherently, Zanzibaris were not used to rent houses while they are in Zanzibar. It was even understood as common practices for a family to live in houses that belonged to their family members or extended family together until they were able to construct their own houses. However, most houses were of low status since majority of the owners are not rich to be able to construct standard houses. The study respondents who owned houses constituted 86%, 14% were living with their family but they did not own the same houses, they were either rented or the houses belonged to family member or relatives. This scenario presented a traditional dwelling system of Zanzibar.

4.7.2 Types of House Construction Materials

Household dwelling units were classified based on types of materials used for construction from the foundation of the main dwelling, wall, floor finishing materials and roofing. The types of construction materials differ in quality and prices. As such, ability to buy the same varies from one household to another. In most cases, well-off/rich households construct their houses by using better types and quality materials than poor household. The most common materials used for building foundation of

many dwelling units in Zanzibar are stones in mud mortar, concrete/soil/bricks/cement/lime stones and others. However, there are many households especially in rural areas living in dwelling units, which have no foundation. Meanwhile, concrete and cement were widely used 74% of households for flooring and few about 10% well-off houses used tiles for flooring of their houses. There were significant proportion (16%) households with no particular flooring materials. Many household in Zanzibar are constructed with either poles, mud, stones, sand or cement as wall construction materials. The study in (Figure 4.20) found that a considerable amount (66.0%) of household walls were constructed using cement blocks, 19.0% sand/mud and 8.5% stones. Other wall construction materials including sand blocks, stone blocks and timber/poles constituted 6.6% of all wall construction materials of the sampled household.

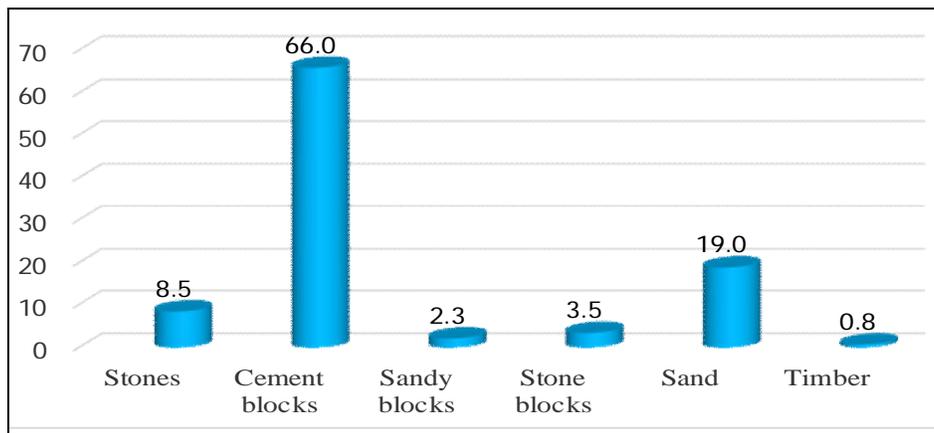


Figure 4.20: Types of Wall Construction Materials used in Percentage

Source: Field Survey 2013

The study also revealed that corrugated iron sheets were the most common roofing materials used for construction of main dwelling units for majority of households in the study area. There were 81% used corrugated iron sheets, 13 palm leaves, while

other roofing materials (grasses, concrete and roofing tiles) were used by six percent households (Figure 4.21).

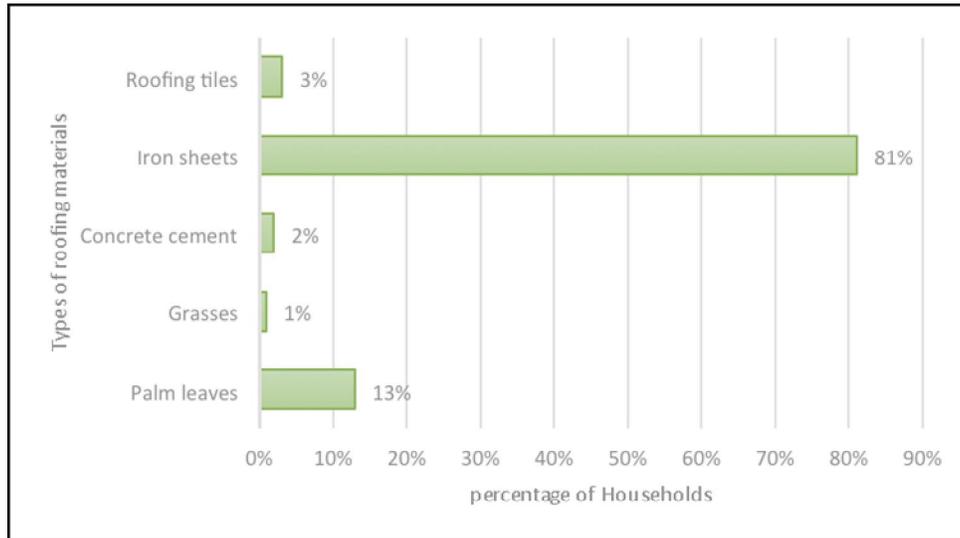


Figure 4.21: Percentage of Households using Roofing Materials by Types

Source: Field Survey, 2013

Analysis developed from the study found that the largest population used to construct their dwellings by using medium and cheap construction materials at every level or stage of construction. However, a small proportion of population decided to use quality and expensive construction materials. The preference mainly depended on people's ability to buy the items and thus, imply their wealth status. Summary of the state of dwelling Units for remittance recipient and non-recipient households is presented in Table 4.15.

Apart from the general characteristics of the household, the situation in remittance recipient households are much better compared to non-remittance recipients. About 14% of houses of remittance recipient have floor tiles compared to only 5% of non-remittance recipients. There are also about 24% sand/ mud households of non-

remittance recipients. Whereas 6% of households of remittance recipient households had roofing tiles with only 0.4% of non-remittance recipients, see Table 4.15.

Table 4.15: Summary of Construction Materials for Dwelling Units

	Remittance Recipient Households (N=158)	Non-Remittance Recipient households (N=242)	Total (N=400)
Foundation	N = 158	N = 237	N = 395
stones in mud mortar concrete	86 (54.4%)	27 (11.4%)	113 (20.6%)
Stones with cement/ lime stone	52 (33.0%)	141 (59.5%)	193 (48.9%)
Cement blocks	20 (12.6%)	69 (29.1%)	89 (22.5%)
Total	158 (100%)	237 (100%)	395 (100%)
Flooring			
Sand	15 (9.5%)	51 (21.1%)	66 (16.5)
Concrete/cement	121 (76.6%)	178 (73.6%)	299 (74.75%)
Floor tiles	22 (13.9%)	13 (5.4%)	35 (8.75%)
Total	158 (100%)	242 (100%)	400 (100%)
Walls			
Stones	9 (5.7 %)	25 (10.3%)	34 (8.5%)
Cement blocks	122 (77.2%)	142 (58.7%)	264 (66.0%)
Sandy blocks	1 (0.6%)	8 (3.3%)	9 (2.25%)
Stone blocks	5 (3.2%)	9 (3.7%)	14 (3.5%)
Sand	19 (12.0%)	57 (23.6%)	76 (19%)
Timber	2 (1.3%)	1 (0.4%)	3 (0.75%)
Total	158 (100%)	242 (100.0%)	400 (100%)
Roofing			
Palm leaves	12 (7.6%)	42 (17.4%)	54 (22.3%)
Grasses	3 (1.9%)	2 (0.8%)	5 (2.0%)
Concrete	5 (3.2%)	4 (1.6%)	9 (3.7%)
iron sheets	129 (81.6%)	193 (79.8%)	322 (80.5%)
roofing tiles	9 (5.7%)	1(0.4%)	10 (4.1%)
Total	158 (100%)	242 (100%)	400 (100%)

Source: Field Survey (2013)

4.7.3 Number of Sleeping Rooms in the Sampled Households

A sleeping room is part of a dwelling unit surrounded by four walls, floor and roof of any types, used by members of the household for sleeping. In this case, a dwelling unit with no partition was considered as having one room. Number of sleeping rooms and the number of people used to sleep in one room are considered as one of the

parameters of measuring poverty because they signify availability and quality of dwelling, which also contribute to decent life.

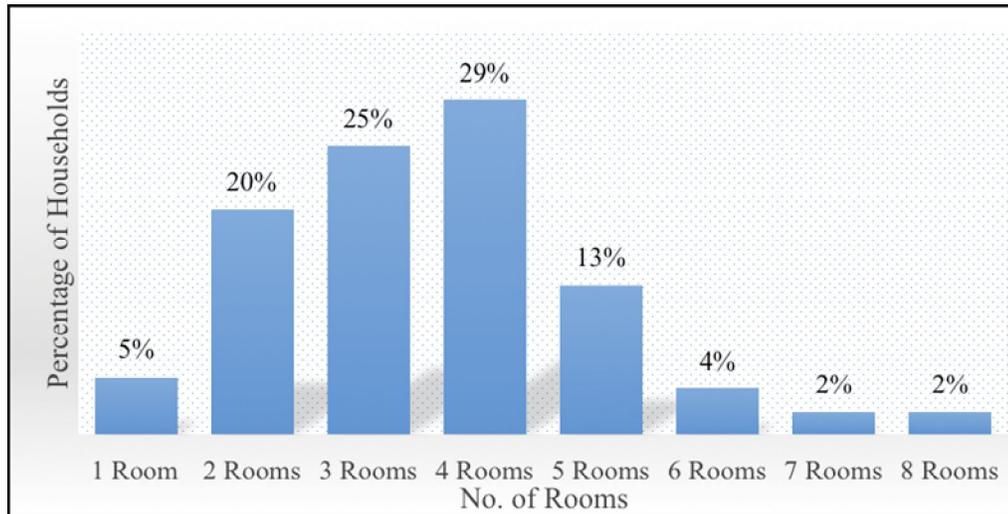


Figure 4.22: Number of Sleeping Rooms Per Households in Percentage

Source: Field Survey 2013

Almost three quarters (74%) of households had two to four sleeping rooms. About 13% had 5 sleeping rooms and eight percent households had six sleeping rooms and above. There were also five percent households with only one room.

The number of sleeping rooms indicated availability of space to accommodate family and support living a decent life. In other words, an overcrowded household with few sleeping rooms is a sign of household poverty. In such situation, family members were congested in few rooms available where they lacked privacy.

4.7.4 Household Sources of Fuel

Main sources of fuel are among determinants of welfare and poverty status of many households in Zanzibar. The main sources of fuel for cooking and lighting are

electricity, firewood, charcoal, kerosene and gas. Moreover, solar energy and oil lamp/lantern are also used for lighting households.

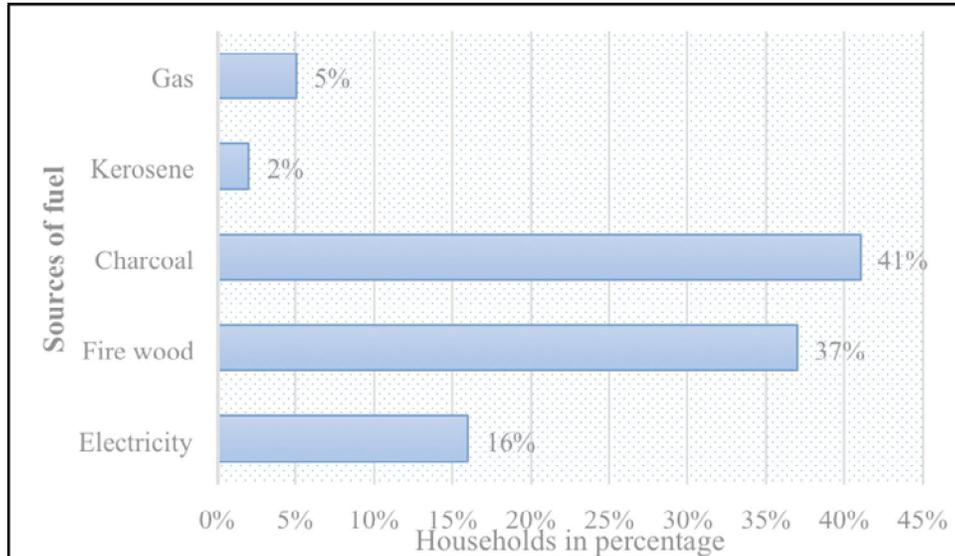


Figure 4.23: Percentage of Household using Different Sources of Energy for Cooking

Source: Field Survey, 2013

Figure 4.23 indicated that the primary energy source for cooking was firewood and charcoal together constituted about 78% of all sample households. Electricity occupied 16%, while kerosene and gas had only seven percent households.

High consumption of firewood and charcoal as main sources of fuel is characteristically an underdevelopment indicator that prevails in many third world countries including Zanzibar. This behaviour, influence crucially on environmental destruction. During interviews, it was raised that household connection was expensive and the bills for using electricity in cooking was very expensive. Thus, it is a reason raised from the study, which found only 16% of sampled households using electricity for cooking (Figure 4.23).

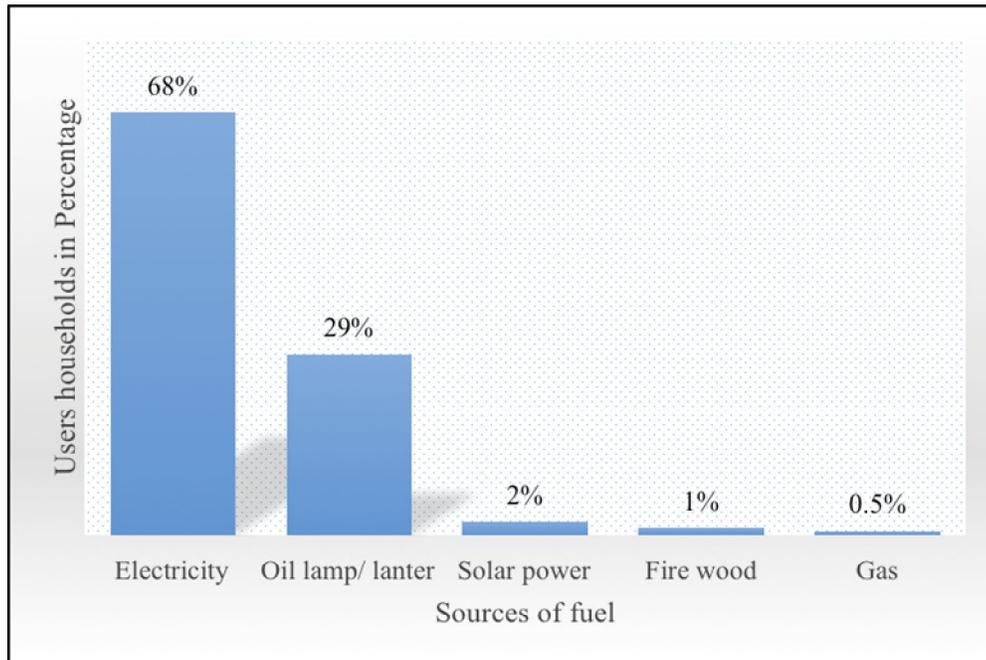


Figure 4.24: Percentage of Household using Different Sources of Energy for Lighting

Source: Field Survey, 2013

For lighting, 68% of households were using electricity (Figure 4.24), this was somehow a positive parameter toward efforts on increasing electrification in Zanzibar. However, the amount according to observation made in the field was unevenly distributed. Most of households using electricity for lighting especially in towns. Households in rural areas were mainly using oil lanterns for lighting and fire woods for cooking, the situation, which compels more efforts on rural electrification, especially household connections.

4.7.5 Household Transport Facilities

Movement from one place to another is part of human life and it contributes to both social and economic life patterns of households. To enable movements, transport facility is required so that household members can attend their social and economic

obligations. The study observed different types of transport facilities/tools used by respondent households including motorcar, motorcycle and bicycle. They are also common to Zanzibar environment.

Owning a transport tool depends on number of factors but more importantly, ability to buy and maintain a particular type of tool. This implies that probability of owning a motorcar, for example, is higher for well-off households. Average households may own motorcycles, while poor households may or may not even own a bicycle. As property, transport tools were used to measure poverty status of sampled households in the study area. The study found that about 42% of sampled households did not own any kind of transport tool and 25% owned bicycles. In addition, 19% owned motorcycles and 14% of respondent households owned motorcars they used for daily transport needs (see Figure 4.25).

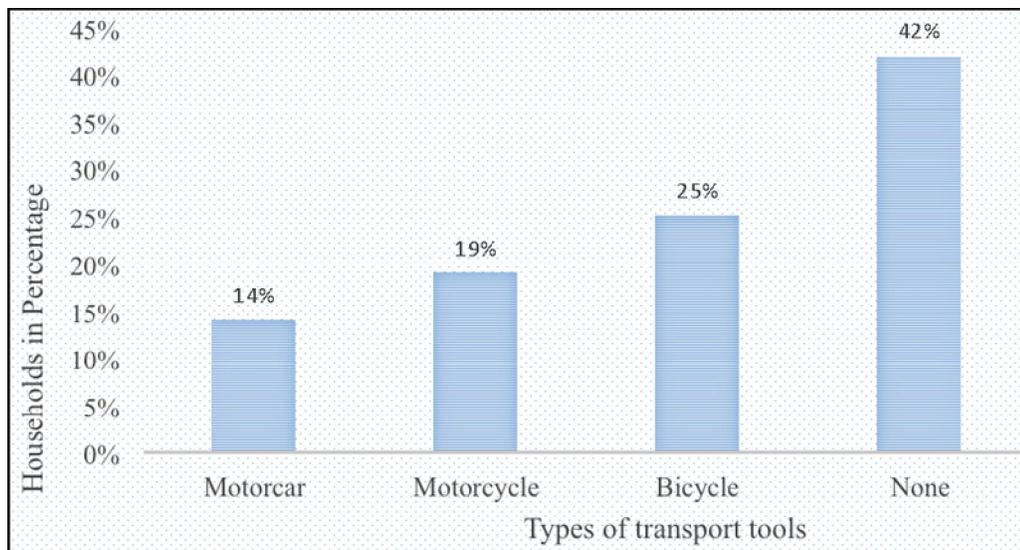


Figure 4.25: Household Ownership of Transport Facilities / Tools

Source: Field Survey, 2013

The presented scenario indicates that majority of households do not own any transport tool, followed by those who owned bicycles as the cheapest transport tool identified by interview respondents. Owning transport tool depends, among others, wealth status of household and especially the expensive tools, majority of households, in this case, were poor because they cannot own any transport tool or hardly a bicycle or other valuable materials as defined in (4.7.1).

4.8 Household Access To Socio-Economic Services

4.8.1 Household's Access to Education

Access to education is among the right of every child in Zanzibar like many other countries in the World. However, there are a number of factors facilitating or obstructing accessibility of this basic right. Governments usually have the role to provide education to its citizens, and they do so but because of limited resources it is impossible for the government to accommodate all demands of education system. Thus, the private sector was actively involved in provision of education at all education levels. The cost of education through private system is much higher than in the government education system. Education in the government system is subsidized to allow all citizens for even the poor to access it.

Considering the cost factor of accessing education through private schools/institutions, logically, only those who were able to pay for the cost were the only who managed to be registered and accessed education in private institutions. The study observed that about 85% of respondent households registered their children for primary education in government schools. Likewise, 82% were registered in government schools to pursue their secondary education. In private schools, enrolment

was just about 15% in primary education and 18% at secondary education, see Table 4.16.

Table 4.16: Households Enrolled Children in Government and Private Schools

Education institution	Primary education	Secondary education
Government School	85.1	82.2
Private School	14.9	17.8
Total	100	100

Source: Field Survey (2013)

These results reflect the fact that government schools at both primary and secondary education levels were overcrowded, occupied by a very large number of students per classroom. While student registration in private schools remained low, it was very likely to have few students per classroom. When asked why such situation was happening, the renounced arguments were that most households were poor and they do not afford to pay fees and charges in private schools.

Therefore, low level of enrolment in private schools was associated with various reasons including inability to pay for increasing costs for education in private schools. It was also reported that private secondary schools in Zanzibar were few especially when it comes to higher secondary education. Hence, students were forced to be congested in Government schools or rather going for secondary education looking for spaces outside Zanzibar. Easy access and affordability to education especially with government schools facilitated the school going age children to attend both primary and secondary education regularly.

The study found that of all sampled households with school going age children, 79% were going to school regularly, however, five percent did not go to school. When they were asked on reasons for not going to school, 50% argued that they did not have money to pay for school fees and contributions. About 32% of sample households had their children working and 18% revealed their stayed at home and they disliked to go to school.

Table 4.14 indicates that children belong to non-remittance recipient households attending Government Primary school and Secondary school at 91%. Whereas, remittance recipients attended by 76% and 69% at Primary and Secondary school respectively, leaving about 25% and 31% of children belonged to remittance recipient households attending Private Secondary and Primary schools. Only 7% and 9% of children belonged to non-remittance recipient households managed to be enrolled in Private Primary and Secondary schools.

Table 4.17: School Enrolment in Primary and Secondary Schools in the Study Area

	Total (All)		Remittance receiving H/H		Non Remittance receiving H/H	
	Frequency N = 377	Percentage	Frequency N = 147	Percentage	Frequency N = 230	Percentage
Government Primary. School	321	85.1	111	75.5	210	91.3
Private Primary School	56	14.9	36	24.5	20	6.7
Total	377	100	147	100	230	100
	N = 371		N = 147		N= 224	
Government Sec. School	305	82.2	101	68.7	204	91.0
Private Sec. School	66	17.8	46	31.3	20	9.0
Total	371	100	147	100	224	100

Source: Field Survey (2013)

According to available information, school registration at primary level in Government schools in Pemba was higher than enrolment of the same in Unguja. Among the reasons observed included shortage of private primary schools, which forced households to register their children in the available option, the Government primary schools.

Likewise, in secondary schools, enrolment was still high in the Government schools in Pemba. With private schools, the scenario was different, where enrolment at both levels was high in Unguja. This was also reflected with deficiency of private schools in Pemba. Moreover, the study found that only four percent of school going age children did not go, whereas in, Pemba five percent of the school going ages did not go for reasons explained that included lack of money for school fees. Message

4.8.2 Household's Access to Health Facilities

Health is another important component of life. Like in education, access to health services was normally through Government or private health facilities. Originally, health services were provided by the Government free of charge as the Government policy revealed immediately after the revolution of 1964. The same was revealed for education.

However, as time goes on, the pace of implementation of such policies diminishes and the government introduced user fees and subsidies to health services. Private sector health services have grown and increased, to a larger extent, but the question again was affordability of the services by the poor majority. Sampled households were asked where they get health services for their family members. The results indicated

that about 77% of household accessed government health centres and 23% private health centres to seek for health services.

Despite the fact that government health centres are scattered very well in Zanzibar, the services available, in most cases, were not promising. This factor and others lead some households especially the well-off households to opt for private health centres. The services available at the private health centres were good as argued by household respondents and every one would like to go there. However, majority could not afford to pay for the cost. As a result, only small percentage of about 23 of sampled households managed to attend at the private health services when they fell sick.

Because health and sanitation issues are two sides of the same coin, the study went further to ask household heads on sanitation services available for their members. That was done because sanitation is very much related to health status of households. Poor households are very likely to be affected by poor health, unlike well-off/rich households, which live in clean environments and reduce the risk of getting sick.

During the field survey, household respondents were requested to report on the health condition and occurrence of diseases for their members for the last three months preceding the survey. The results showed that 63% at least one of the family members fell sick in the last three months prior this study and only 37% of respondent households reported no member of household got sick for that particular period. The results further indicated that 65 percent of non-remittance recipient households were affected by occurrence of diseases in the last three months prior this study, compared with 59 percent of remittance recipient households as revealed in Table 4.18. Frequent

occurrence of diseases leads to unhealthy family and society at large, which contribute prominently to poverty at household level and widely at community level.

Their responses in Table 4.18 revealed that, about 69% of remittance recipient households went to Government health services, whereas 80% of non-remittance recipient attended private health services. The situation was vice versa for private health services where remittance recipient households attended by 28.5% compared to 17% for non-remittance recipient household. This has also an implication on affordability to pay for the services, 71% of remittance recipient declared that they are able to pay, while only 53% of non-remittance recipient households were able to do so. However, there were about 1.8 percent just went to private pharmacies to buy medicines. But notably, about 0.8% of households with their members got sick for the last three months prior the current survey went to the traditional doctors to get treatments.

Table 4.18: Health Status of Remittance Recipient and Non-remittance Recipient Households

Health issue	Remittance recipient H/H		Non-remittance recipient H/H		Total	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
H/H members get sick	93	59	158	65	251	62.8
Government health services	109	69	194	80	303	75.8
Private health services	45	28.5	42	17.4	87	21.8
Pharmacy	2	1.3	5	2.1	7	1.8
Traditional Health services	2	1.3	1	0.4	3	0.8
Afford to pay for the services	112	71	130	53	242	60.5

Source: Field Survey, 2013

Impliedly, health services for remittance recipient households including ability to pay for the services are in better position compared to non-remittance recipients, indicating that contribution of remittances in the receiving households has an impact on access to health services to household members.

4.8.3 Sanitary Facilities

Toilet facilities are considered as important element to ensure clean sanitation and environment of households as well as improved health. When households were asked about types and uses of toilet facilities, they mentioned three types of facilities including flush toilet, pit latrine and ventilated pit latrine with about 94% of users, see Table 4.19.

Table 4.19: Households using Different Types of Toilet Facilities

Types of toilet	Remittance recipient H/Holds		Non-Remittance recipient H/H		Total	
	Frequency N = 158	Percentage	Frequency N = 242	Percentage	Frequency N = 400	Percentage
Flush toilet	108	68.3	104	43.0	212	53.0
Pit latrine	37	23.4	102	42.1	139	35.0
Ventilated Pit Latrine	8	5.1	18	7.4	26	6.5
No toilet	5	3.2	16	6.6	21	5.0
Others	0	0	2	0.8	2	0.5
Total	158	100	242	100.0	400	100.0

Source: Field Survey, 2013

According to the presentation in Table 4.19, on average, 68% of remittance recipient households were using flush toilets which is considered as much better and expensive, compared to 43% of non-remittance recipients households using similar facilities.

About 23 households among remittance recipient households were using pit, whereas 42 % of households of non-remittance recipients were using pit latrines. Above all, it was important to note that the study found that there were about 7% of non-remittance recipients households are living with no toilet facilities, whereas among remittance recipients only 3% who had no such facilities.

4.9 Food Security and Household Meal Consumption

Food security is concerned with access to healthy food and optimal nutrition. In order for food security to exist, it is necessary that all people at all times have physical and economic access to satisfactory amounts of nutritious, safe, and culturally-appropriate foods to maintain their health for an active living. Household food security exists when all members of a given household have access to adequate food for active and healthy life at all times. Individuals who are food secure do not live in hunger. On the other hand, food insecurity is a state of limited or uncertainty on availability of nutritionally adequate and safe foods or inability to acquire acceptable foods in socially acceptable ways.

The study used these parameters to measure household food poverty and the extent to which remittance receiving households might be food secure because of the money they were receiving compared to households who did not receive any remittances. Information in this area was obtained through three questions of which responses were collected by using questionnaires that covered all households in the sample. The questions were about number of meals, frequency of eating meat as an expensive food stuff that cannot be consumed by poor majority and frequency by which households experienced food shortage(s).

On number of meals, the study found that 69% of sampled households had their three meals a day, 25% had two meals and about 5% had only one meal a day. There were 1.3% households who take four meals a day, see Table 4. 20. However, concern was for those who had less than two meals a day and that they were unable to acquire enough food for their families. They are food poor households that the poverty reduction strategies should be focused to address for them. In all groups, non-remittance recipient households were more likely affected by food insecurity, see Table 4.20.

Frequency of households eating meat was also asked to determine and estimate the percentage of households who can afford to eat meat very often when they felt to do so and those who could not afford. The difference between the two is the wealth status and this criterion was measured against households receiving remittances and those who live without remittances.

Table 4.20 indicates that 53% of non-recipient households did not take meat in their meals for the last seven days prior the day of interview, compare to 29% of recipient households,. The common protein for many households was fish, which was available at least at affordable prices. Availability and access to quality foods for households are essentials for health and survival of their members. Healthy human beings take their meals at least three times a day. The quality of meals or diet is supposed to contain all necessary vitamins.

The researcher also designed a question to know the status of household food security at least the frequency by which households experienced food shortage. The study

found that about 70% of remittance recipient households were food secure and they had not experienced any food shortage for the last one year prior to this study. For non-recipient households 56% were food secure.

Table 4.20: Summary of Household Food Security Status in the Study Area

	Recipient H/Hs		Non-recipient H/H		Total	
	Freq.	Percent	Freq.	Percent	Freq.	Percent
One meal per day	3	16.7	15	6.2	18	4.5
Two meals per day	31	19.6	70	29.0	101	25.25
Three meals per day	122	77.2	154	63.6	276	69.0
Four meals per day	2	1.3	3	1.2	5	1.25
Total	158	100	242	100	400	100
Frequency of eating meat per week						
No meat per week	45	28.5	127	52.5	172	43.0
One day per wee	36	22.8	57	23.5	93	23.25
Two days per week	38	24.0	30	12.4	68	17.0
Three days / week	26	16.5	23	9.5	49	12.25
Four days per week	12	7.6	5	2.1	17	4.25
Five days per week	1	0.6	0	0	1	0.25
Total	158	100	242	100.0	400	100
Food shortage						
Never experienced	101	66.9	130	55.6	231	60.0
Experienced once	9	6.0	22	9.4	31	8.0
Experienced twice	13	8.6	17	7.3	30	7.9
Experienced very often	27	17.9	57	24.3	84	21.8
Experienced always	1	0.6	8	3.4	9	2.3
Total	151	100	234	100	385	100

Source: Field Survey (2013)

The rest of household had experienced food shortage at least once in a year. Out of these households, the results showed that 22% experienced food shortage very often, about 8% had experienced food shortage once a year and 8% twice a year respectively. On average, there were also about 2% of households always experienced food shortages, of which 3% are non-remittance recipient households. This implies that food poverty was still a problem in the study areas facing about 24% of households as presented in Table 4.20.

4.10 Land Ownership

The researcher investigated on household land ownership, where specifically wanted to know the amount of land owned by particular respondent households. Land is an important factor of production. Normally, production of any kind is undertaken on land and land is an asset that contributes to people's wealth status. Looking on the aspect of land ownership in this study was considered as one of vital information to assess the wealth status of the households.

Also it was necessary during the analysis to know if land ownership has any relations with remittances flowing on the households in Zanzibar. The study found that 57% of all sampled household did not own even a single acre of land (Figure 4.26). Such situation implies that on farm production did not dominate the economy or the tenure system endorsed a few well-off people to own a large percentage of land. There were also about 32% of households owned only one to three acres of land, about 8% households owned four to six acres of land and about 3% of sample households owned above seven acres of land (Figure 4.26).

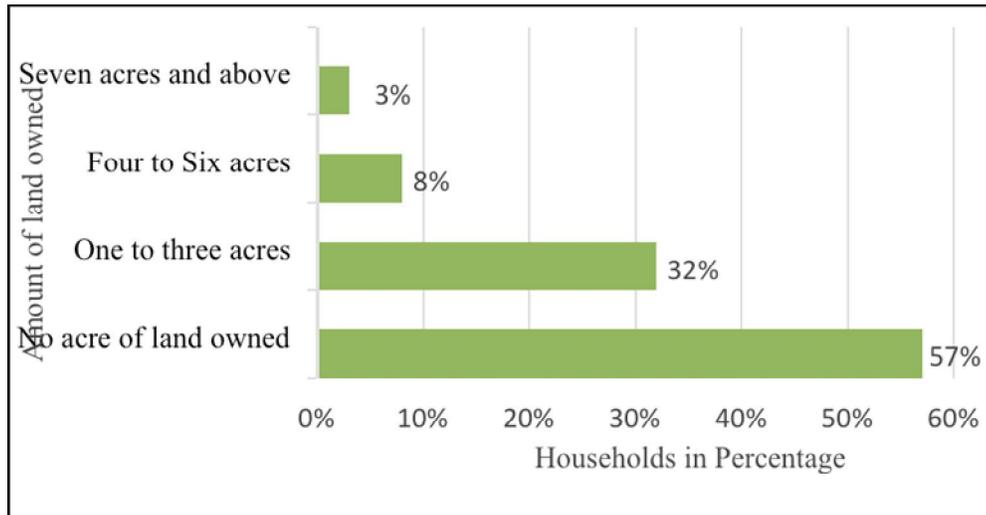


Figure 4.26: Household Ownership of Land

Source: Field Survey, 2013

Since majority of households did not own land, it is difficult for them to invest on land. It has also an implication on investment on remittances received. As revealed before that most households spend remittances on consumption purposes. Even the small amount of remittances used for investment, they mainly used in petty trading and vending.

4.11 General Opinions on Remittances Flowing in Zanzibar

In conclusion based on interviews with household respondents, the researcher sought for opinions on helpfulness of remittances to households in question. Although it was observed remittances accrued directly to households with members outside Zanzibar, households that do not receive remittances were also indirect beneficiaries from such transfers. They went to the extended family and community around. At the household level, especially those who received remittances, they increased consumption level(s) of local goods and services.

Thus, increased consumption in remittance recipient households can generate multiplier effects. If recipient families increase their household consumption of local goods and services which are produced and supplied by farmers and local entrepreneurs, other community members also benefit through increased demand, stimulate production and job creation.

All sample households were given chance to have their opinions on helpfulness of remittances in their livelihoods. The question involved all households because as it was observed before that remittances received have multiplier effects to other community members.

The outlined observations were justified by 83.0% of households that remittances flowing to Zanzibar were very helpful and that households were virtually benefiting from such inflows in both social and economic domain.

Meanwhile, the study found that 9.0% of sampled households were against the mentioned opinions. For them, remittances were not helpful. They argued straight forward that remittances are linked to laziness as they observed some members of receiving households did not want to work hard because they knew that they will receive money from their family members living abroad.

The mind-set was typically as attested by De Haas, (2006) on pessimistic view on remittances inspired by dependency theory, leading to households becoming dependent on remittances.

CHAPTER FIVE

DISCUSSION OF EMPIRICAL RESULTS

5.1 Introduction

This chapter presents discussion of study findings as it was presented in Chapter four. It is composed of the following sub-sections based on the objective of this study: Remittances inflows and channels of delivery in Zanzibar, proportion of Remittance into individual household income, the levels of poverty between remittance recipient and non-remittance recipient households and the effects of remittances to the household income.

5.2 Remittance Inflows and Channels of Delivery in Zanzibar (Objective 1 and 2)

Inflow of remittances is normally viewed as an injection into a Keynesian type circular flow of income, which are expected to escalate economic activities by growing level of aggregate expenditures (Kireyev, 2006). Holding other things equal, net inflow of remittances increases income and real economic activities, steers growth and support poverty reduction efforts through additional incomes liable to be spent on various expenditure items to support household welfare. However, the growth of economic activities depends on the multiplier effects and the size of remittance inflows.

Table 4.14 indicates that, in 2012, households in the sampled areas received about US\$ 108,443.50 equivalent to Tshs. 195.2 million as remittances from abroad through other channels rather than commercial banks. Field Survey through Commercial

Banks indicated that, six of nine commercial banks visited professed receiving remittances of about Tshs. 2.6 billion. In total, this amount was equal to about Tshs 2.8 billion, see Table 4.9 and 4.14, which is equal to 2.8% of the country's GDP for the same year. Such contribution remittances in the country's GDP was slightly above Tanzania and Kenya received 2.4%, whereas Uganda received 3.9%, the highest in East Africa region.

There are many developed countries that received less than that and other developing countries received above 20% of their countries' GDP. Percentage contribution of remittances to the country GDP depends on the amount of the country's GDP contributed by other sectors of economy and the number remitting diaspora migrant workers abroad.

While in Zanzibar, cash remittance inflows were revealed from 39.5%, (158) households documented as remittance recipient households. In Tuvalu Island state, Firth (2006) presented almost similar situation where 35% of households are documented as remittance recipients in the year 2000, difference of 4.5% against that of Zanzibar. Remittances is the main source of income in Tivalu. Similar study in Kerala, India, revealed that, out of 400 farm households, 32% received remittances (Pohle and Knerr, 2013). The results further indicated that remittance recipients vary from one District to another. But generally, Urban Districts of Zanzibar received much more remittances than the Rural District, implying that remittance business transactions in Zanzibar are more likely an urban enterprises. Moreover, it is due to the fact that international remittance services are only operated in urban centres and

no single service available in rural areas. However, informal deliveries through urban services were always extended to rural areas.

Comparing the two Islands of Unguja and Pemba in terms of households' remittance inflows, the average household received remittances are on higher side in Unguja Island at about 60% by 40% in Pemba. However, this does not mean that household members in Pemba Island received fewer remittances, but detailed analysis revealed that there were remittances sent to Unguja households as first destination and later on transferred to Pemba Island to their final beneficiaries. Likewise, through banking system, the branches of foreign banks are found in Unguja.

This study, was the first efforts to discovery that 43.5% of households have family members outside Zanzibar, therefore, it was the basis for capturing remittance inflows. For that reason, this outcome created a basis for future estimations. It is obvious that, as the nature of inflow of remittances globally (Figure 1.1), the inflows of remittances in Zanzibar will be increasing annually due to among others increase in skilled number of Zanzibaris working abroad (Figure 4.3) which will result in higher wages and income and therefore, increasing their propensity to remit.

There are several remittance delivery points in Zanzibar which are not officially registered and they are handling transactions of substantial amounts of remittances. Transaction is done through telephone communication with senders outside the country and the delivery is effected on the spot in Zanzibar. Delivery channel of this model was recommend by many recipient households because it is quick and easy delivery to the households. However, it need officially registration and close follow

up to make sure that they are working officially according to the governing regulations. It is important to smoothly regulate remittance channel of delivery because, channels can influence or obstruct inflows of remittances based on its suitability.

Zanzibar Diaspora in various countries abroad like Canada Zanzibar Canadian Diaspora Association (ZACADIA), Zanzibar Welfare Association (ZAWA) in United Kingdom and Zanzibar Diaspora in Scandinavia (ZANDIAS) have been sending community remittances in Zanzibar. Among the development projects done through community remittances include classrooms and support to the associations of people with disabilities. Such support has also proved as sort of positive effects of remittances by (Alarcon 2002)

5.3 Proportion of Remittance into Individual Household Income (Objective 3)

Types of household economic activities are among main determinants of household incomes. Household income are derived from the activities they perform, remittance being part of the sources for those have. The sampled households were engaged in various economic activities of which are the sources of their income. Income sources indicated the features that majority of the sample population were based in urban areas, where income sources are mainly from employment in the Government and non-Government (Figure 4.1).

Total household income from various sources was 225,159 without remittance, remittance recipient households enjoyed additional income from remittances of about Tshs 135,000. Therefore, total income of remittance recipient households was Tshs

360,159. Whereas, non-remittance recipients had an income of about Tshs 220,551. A proportion of remittances in the household income of recipient households is expressed by “x is to y as z is to w

$\frac{X}{y} = \frac{z}{w}$, where $y, w \neq 0$ $xy = zw$ where $yw \neq 0$

In a simple expression proportion of remittances in remittance recipient households was equal to 37.5%. The rest 62.5 was the income derived from number of other economic activities done by household members within the country. Thus income from remittances is substantial which needs to be harnessed. Apart from remittances, household income were contributed by a number of sectors including 25% from salary income and personal emolument by those who were employed in the government/ parastatal organizations, 22% employed in private/NGO sector, 18% were involved in agriculture as well as fisheries sectors and 17%t were self-employed in non-farm activities. There were also about 18% of unemployed, which constituted housewives, disabled, retired and those who had no job, see Table 4.5. This scenario show the fact that, remittances should not be the only relied sources of household income. It can be used a supplementary source of income to other sectors of which households depends on.

5.4 The Levels of Poverty between Remittance Recipient and Non-Remittance

Recipient Households (Objective 4)

Household poverty level for remittance recipient and non-remittance recipient households is measured as income and non-income poverty. The study analysed both qualitative and quantitative data and derived level of both types of poverty.

5.4.1 Income Poverty Level

The status of household poverty was measured based on the standard definition of poverty line that is the minimum level of income necessary to achieve an adequate standard of living. The study assessed the poverty line using the needs-based approach, which is the most common one, focusing on the minimum expenditure to maintain a decent living.

Although the cross-sectional data collected from the survey cannot examine exactly the position of the sampled households before and after receiving remittance from their family members and relatives outside Zanzibar, matching between these two groups of households is possible, using similar variables, characteristics of individual households display their differences resulted from increase of income including income from remittances in the households their family members abroad.

Based on the poverty line derived by the Office of Chief Government Statistician Zanzibar. Therein, two groups of households were generated according to their income level based on the Household Budget Survey 2014/2015 preliminary results. Those with an average income below the poverty threshold, called the poor, and those with an average income higher than or equal to the threshold, classified as non-poor. Survey responses as calculated in the Table 4.11, 4.12 and 4.13, information on household average income was taken for both categories of remittance recipients and non-recipient households. Where then, differences in income level intimate the welfare status of those households. Likewise, households with and without remittances differences realised from variables analysed through T-test analysis.

The estimated average monthly household income for all sample households was Tshs. 222,392 equal to Tshs. 44,478 per person. Whereas for remittances recipients households, their income before receiving any remittance was Tshs. 225,159 equal to Tshs. 45,032 per person. For non-remittance receiving households, the estimated average monthly household income stood at Tshs. 220,551, equal to monthly personal income of Tshs. 44,110, see Table 4.12 for details.

The average households' monthly incomes for remittance recipient household was further increased by 39% to Tshs. 360,159 which is about Tshs. 72,032 personal monthly income as presented in Table 4.1 and 4.14, hence, inflated the differences significantly in monthly income of remittance recipients compared to non-remittance recipients households. This reflecting fact is the conception of income inequality as attested by Adams, Cuecuecha and Page (2008) in Ghana when international and internal remittances injected in households' income had divergent effects on poverty and inequality. International remittances were reported to be more efficient to reduce poverty headcount, poverty depth and severity compared with internal remittances.

As it was realized in Zanzibar, it was noted that since income from international remittances was much higher, flowed to many households, but more evidently, inflation rate of the local currency pumped up income unequally in the receiving end. Local remittances were observed to be minimum, usually flowed again to those who received international remittances and hence, increased extra inequality in income of non-receiving group.

However, it is difficult to tell exactly where Zanzibar stands if such inequality exists because there is no study that established the real Gini coefficient of remittance

recipients and non-recipients households. What the study observed was only income inequality, which was observed even during the off-time of remittance receiving since the effect of remittance was realized on the life style and welfare status of households influenced by injection of remittance in the past.

Analysis on poverty was also matched based on preliminary results of Household Budget Survey data of 2015, conducted by the Office of Chief Government Statistician Zanzibar. Poverty was measured as food and basic needs poverty. Comparison was made for average incomes of both receiving and non-remittance receiving households with poverty line provided by Zanzibar Bureau of Statistics, which is Tshs. 38,000 food poverty line and Tshs. 52,000 basic needs poverty line (RGOZ, 2015). Average monthly household income per person in remittance recipient households was Tshs 45,032 as presented in Table 4.13. Averaging that remittance recipient household was about 15.6% above the national food poverty line established by Office of Chief Government Statistician (RGOZ, 2015). Hence, they are not food poor. However, compared with threshold of basic need poverty established by the same Office, the study sample population was still below the basic need poverty line. The situation is applied similarly to non-remittance receiving households although they were 13.8% above food poverty line.

It is important to note that in terms of basic needs, the study population was far as 15.2 % below basic needs poverty line. If measured poverty in terms of Purchasing Power Parity (PPP) of at least 1 US\$ a day, all stated income are still below the poverty line, except remittance recipient households which was just above the edge of poverty line.

Results from this study validated the scenario presented in almost all poverty related studies that poverty is mainly a rural phenomenon (World Bank, 2017) although urban poverty is existing in a small percentage. Because about 70% of the study sample population was based in urban areas where the majority belong to higher and medium income groups that is the reason it was found that majority of households were at least living above food poverty line.

In addition of remittance incomes from abroad, average monthly income per person in other remittance recipient households increased to Tshs. 65,753.60 per month, which is over and above food and basic needs poverty line by 42.2% and 21% respectively, Table 4.13 and 4.14 display the facts. At this income level, if poverty was measured using Purchasing Power Parity, the average income per person per day was just marginally above poverty line. It averages that remittances helped to lift out of basic needs poverty about 39 % of the surveyed sample population that received remittances.

5.4.2 Non-income Poverty Level

Comparisons of poverty between recipients and non-recipient households was also made using non-income poverty indicators of which its facts was collected through survey and presented in chapter four of this study. The general understanding is that remittance receiving and non-receiving households share almost similar characteristics particularly in the same socio-economic environment. The analysis of this study reinforced the importance of investigating differences between the two groups that resulted from injection of remittances into one group of households. Household characteristics used for analysis included all common typical variables

available in all households as dwelling units with human beings, bearing various socio-economic activities including family size, age of the household heads, sleeping rooms, health, education, meals consumption and land ownership, among others.

In education, enrolment of students in both Primary and Secondary level education are at the higher level at Government Schools for non-remittance recipients households with about 91 percent at Primary and Secondary level. Whereas, remittance recipient households dominated enrolment in Private schools at both primary and secondary levels as shown in Table 4.16. This state of enrolment has an implication that, remittance recipient households were able to pay for school fees and other facilities at private schools of which non-remittance recipients households were not able to do so and that's why majority they opt for Government schools.

This confirms what was pronounced previously by proponents of remittances (De Haas, 2006; Adams, 2006; Acosta, 2006; Lindley, 2006; Sander and Maimbo, 2003; World Bank, 2006) who all observed a positive relationship of education enrolment and household welfare. Higher education for household heads was a prone factor to afford to support family members with the opportunity for better education, better jobs and increases one's efficiency and productivity, leading to increased incomes associated with an increase in welfare. Food security is also among the key indicators of poverty at household level.

The study indicated differences in the meals consumption and severity of food shortages among remittance recipient and non-remittance recipient households. Remittance receiving households enjoyed more standard meals consumption

frequency than what was consumed by non-remittance receiving. On average, remittance receiving households' consumed about 3 meals a day. About 70 percent of remittance recipient household had never experienced food shortages, leaving 28 percent of non-remittance recipient households suffered with food shortages. This means that remittance recipient households were able to secure food for their families whether through investing in farming or buying food from money they receive including remittances, this facts was presented in Table 14.18.

A good diet influences on good health, which is an essential supplement to attain other necessities. This conception was proved through the same study when it was found out that about 59% of remittance receiving households got sick and attended to health centres compared to 65% of non-remittance receiving households for the last three months prior the survey, see Table 4.15.

Households with no toilet facilities was higher among non-remittance recipient households was an indication of poor standard of living. Population living in such households are definitely exposed to health risks. In relation to inflows of remittances, it was revealed that, remittance recipient households using quality toilet facilities of which majority of non-remittance recipient households were not able to buy as shown in Table 4.17. The households revealed that decisions on uses of particular types of toilet facilities depend mainly on ability of households to pay for the cost of the same. Moreover, the study findings revealed a distressing scenario that in Pemba, the available facilities were cheap and of low quality, but there were 12.5% of sampled households with no toilet facilities. The situation indicates that poverty was more pervasive in Pemba compared to Unguja as also revealed in the HBS, 2010.

According to the facts presented in Table 4.18, all sampled groups were faced with health problem, since the percentage of households attended health centres looking for treatment was very high. However, non-remittance receiving households were highly affected by diseases at 6% difference compared to remittance receiving households.

Likewise, in terms of land ownership, remittance receiving households remain on the better side. In Zanzibar, land is very expensive. It happens to be so expensive because of the number of reasons including size of the Islands, which causes limited arable land and space for other socio-economic uses. Much more land is held by investors mainly for tourism investment. Therefore, only well-off people managed to own big land, left about 57% of households with no land (Figure 4.25).

Land is seriously a scarce commodity in Zanzibar, it is a sign of wealth since poor households does not manage to own land including most of non-remittance recipient households, as a result, they run in shortage of farm production and inability to buy food/ food shortage as indicated in Table 4.18 and hence drive these households into poverty

5.5 Effects of Remittances on the Household Income (Objective 5)

With injection of remittance incomes from migrant workers, the percentage of households lifted out of basic needs poverty in the sample population were able to shift to middle income group, which managed at least food and acquired basic needs for minimum living standards. However, it is important to note that 68.2% of non-remittance receiving were living under the lowest quartile of income of Tshs. 150,000 an average personal income of only Tshs. 30,000 monthly.

Therefore, the study found out that remittances received in Zanzibar from abroad have positive effects on household income, as professed in many studies on a similar subject like that of Adam and Page (2005), Ratha (2013), DFID (2007), Hoti (2009) and UNCTAD (2011) as well as many others who attested positive impacts of remittances on income and poverty reduction.

The study establishes that the effects of remittance inflows to the household increased income and improved welfare status in education and health for household members and consumption on other expenditure items. The effects of remittance income was also observed through comparing households received remittances with those households that do not received any remittances. It was examined through number of characteristics of the household receiving remittances, and then estimated the same on household poverty measured against those produced by the recent Household Budget Survey (RGOZ) preliminary results.

Nearly all variables measured to show household characteristics, identify different income level and poverty status of remittance recipient and non-recipient households. Variability of two groups of households resulted from the income, especially upon addition of remittances, household receiving remittances increased their income compared to non-receiving households. The marginal increase in the incomes of households receiving remittances leads to different consumption patterns, which eventually lift the poor to non-poor households.

This results suggest that even though majority of remittance inflows to Zanzibar spent on household consumption and small proportions go to direct investment, it was

difficult to differentiate exactly expenditure items on remittances but generally, increase in expenditure was influenced by an increase in household income. This analysis concurs with Connell and Brown (2005) as well as Randazzo and Piracha (2014) who presented an alternative perception on remittance spending that it is not easy to account remittances spending and hence, cannot be differentiated with other expenditures.

Both expenditures still contribute to poverty reduction and development of households and community at large. This was revealed previously in this study that in Zanzibar, there are many cases where uses of remittances are not clearly distinctive.

Moreover, expenditure of remittance on consumption purposes increases aggregate demand and builds a strong base of human capital, supports establishment and growth of micro enterprises, a multiplier effects of income as attested by IFC (2010) as well as Connell and Brown (2005) in Samoa, where remittances were also used as business start-up funds and capital to buy fertilizers as well as food production equipment. The attempts definitely will have a linkage with household economy and the country at large through such potential sector for economic growth and poverty reduction are evident. Remittances flown in hard currencies in Zanzibar provided a source of foreign currency earning transitory through households income.

At national level, they can contribute to the country's GDP through increased consumption of goods and services by remittance receiving households. However, contribution of the same is narrowly reported due to lack of remittance data flowing through unofficial channels. However, it should be noted that Zanzibar is a small

country with low GDP. Thus, remittance receipts can deform functions of official capital markets and also destabilize exchange rate through formation of parallel currency markets if not well regulated.

CHAPTER SIX

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

This chapter which is divided into three main sections summarizes the study and provides conclusions and recommendations. The first section presents a summary of the study findings in relation to the desired objectives of the study. The second section draws conclusion and the third section provides recommendations on some possible measures to increase inflow, efficiency and effectiveness of remittances as important external sources of household's income and improvement of household welfare status in Zanzibar.

6.2 Summary of Findings

6.2.1 Magnitude of Remittance Inflows (Objective 1)

The study disclosed that about 43% of households had at least one family member outside Zanzibar whereby 18.8 % were living in mainland Tanzania and 24.2% were living abroad, these family members are the sources of remittances inflows. About 76% of such migrations were due to economic related reasons like job search and business ventures. The study also revealed that 36.7 % of spouses in Zanzibar live away from their immediate families.

Households with family members in mainland Tanzania received a total domestic remittances of about Tshs. 141.6 million annually. International remittances were US\$ 108,443.50 equivalent to Tshs. 195.2 million (exchange rate in 2012 US\$ 1=Tshs. 1,800). Of all remittance recipient households in Zanzibar, 56% of households

received international remittances and 44% received local remittances. However, there were about 21% of households that received both local and international remittances.

6.2.2 Mode/Channel of Remittance Deliveries (Objective 2)

Remittances in Zanzibar are delivered either through formal or informal channels. Formal channel of delivering remittances constituted only 34% (Bank and Post office) whereas about 66% of all remittance inflows to Zanzibar went through informal channels (Remittance vendors 40%, hand carrying, friends and relatives 26%). It was realised that respondents preferred informal channels for receiving remittances due to less cost, speed, reliability, ease of sending and receiving the transfer, coverage within the home country, confidence and trust in the service provided especially by people who known each other for a long time.

The nature of migrants who left in Zanzibar sneakily influenced them to use informal channels. Hence, the small percentage of households using formal channels including commercial banks revealed to have more cost and complicated procedures for receiving remittances. Remittance vendors who were originally registered as bureau de change received about 40% of household remittances. This is a proved evidence of substantial amount of unregistered remittances inflows to the households.

6.2.3 Proportion of Remittances into Individual Household Income (Objective 3)

Various combinations of income sources was identified in the current study. At the most detailed level, the income sources are combined into five components: wages and salaries, self-employment income (farm and non-farm), government transfer payments, investment income and other income are referred to that component which

constitutes the largest proportion of an income recipient's total income. The absolute values for these components are compared and the largest one is designated as the major source of income. Remittances contribute a significant proportion of Zanzibar household income, but not the largest proportion. Thus as we are promoting inflow of remittances, it is important to diversify household income sources and uses the income from remittances to invest in other economic activities to increase household income, especially when remittance inflows periodically and in bulky.

6.2.4 The Levels of Poverty Between Remittance Recipient and Non-Remittance Recipient Households (Objective 4)

The study realised considerable differences between remittance recipient households and those do not receive any remittances in terms of the level of poverty. Taking all the measurement of income and non-income poverty, remittance recipient households were better and they don't under poverty line. Non-remittance recipient households their basic needs and hence falls below poverty line. Likewise welfare status of the groups differ, favouring remittance recipient households in almost all object.

6.2.5 Effects of Remittances on Household income (Objective 5)

Like in many other developing countries, remittance inflows to Zanzibar were found to show poverty reduction effects. Note that, remittances received increased average annual household incomes by 38.5% when added with remittances received annually. Their consumption pattern changed by increasing consumption of superior goods and managed to acquire basic needs. Thus, remittances help increase incomes of the poor and smoothen their consumption as well as ease them from capital constraints.

The differences between the households receiving remittances and non-remittances receiving households in almost all poverty indicators. Income inequality was proved and left non-remittance receiving households just above food poverty line, while remittance receiving households ascended above basic needs poverty line, where they were able even to pay for private services including health and education.

All these findings gathered from the study provided enough evidence to show that remittances have a positive effect on income and household poverty reduction. Thus, incorporating the findings through policy measures and programs as indicated in the study recommendations would help to reduce poverty in Zanzibar. Among others, the Government is advised to support availability of legal documents including visa to Zanzibaris through embassies to facilitate their stay and work in foreign countries. This suggestion is aimed at increasing inflow of remittances from Zanzibari migrant workers.

6.3 Conclusion

On the basis of the empirical study findings, there is clear evidence to show positive potential impacts of remittance inflows on household poverty in Zanzibar. The results clearly support the view that remittances are imperative resources for household income and poverty reduction. However, the overall poverty effect for the entire country needs more broad based strategies committed in utilizing remittances on downstream activities with quick returns focused on reduction of abject poverty. These impacts are the results of significant inflows of remittances, which are used as potent resources to reducing poverty and vulnerability in many households and communities in Zanzibar. Remittances was proved to form an important component

of Zanzibar's household livelihood strategies. It contributes directly to raising household incomes and/or increase opportunities to invest and raise income, increased consumption of goods and services and raised welfare status of their families. However, out of 43% of households with family members outside Zanzibar, about 9% did not send any remittances, demonstrating that it is not everyone working outside Zanzibar send remittances back home.

Varieties of the channels of remittances inflows indicated that, there is leeway for remittance senders to opt for the easiest and cheapest channel. For the informal channels, the Government get nothing in terms of tax on remittance inflow. However, there should be efficient and well organised system that will influence much more inflows of remittances.

Remittance recipient and non-recipient households falls under different level of poverty, although they living in a similar environment. Level of poverty among non-remittance recipient households was much deeper. Remittance income have supported recipient households to go above poverty line. Therefore remittance recipient households in Zanzibar are not among poor households. Remittances had positive effects on household income, apart from increase in nominal income, it increases expenditure of good and services, complement household capitals and promote investment in; small enterprises. Thus, it ascertains the proposition that remittance inflows in Zanzibar support to reduce household poverty. Above all, this study is a new knowledge with significant contribution filling a knowledge gap. It contributed in the formulation of Diaspora policy and new thinking as alternative financing of poverty reduction strategies.

6.4 Recommendations

This study suggested to exploit remittances as resources to reduce poverty in Zanzibar, considering the fact that remittances increased household income which eventually used to acquire household basic needs, including food, houses, clothing, health and education. These basic needs are normally used as indicators to measure the level of poverty. Therefore, the following recommendations were made in light of the objectives and the empirical findings from this study:-

6.4.1 Increased Inflow of Remittances in Zanzibar

In order to increase the inflows of remittances in Zanzibar, the study came with multiple recommendations as follows:

(i) Increasing the number of skilled migrant workers outside Zanzibar

Among possible inputs for increasing flows of remittances in Zanzibar is increasing the number of migrants abroad. This is a coordinated effort currently done by the private overseas employment agencies organized by Department of Employment. This is obvious, as also suggested by Amjad and colleagues (2012) that an increase in the number of migrants abroad shall lead to an increase in the flow of remittances.

What is critical in this area is that registered overseas employment agencies in Zanzibar and the Revolutionary Government of Zanzibar have to work closely and be proactive in finding decent job opportunities in the overseas countries to employ technical and skilled manpower outside Zanzibar. That, in turn, will lead to higher wages and personal incomes of migrant workers abroad. Through increased personal income, migrant workers, increase their propensity to remit back home.

(ii) Policies to encourage inflow of remittances

Hitherto, Zanzibar neither has a particular policy nor regulation that encourage and control inflow and development of remittances. This situation, gives room for institutions working in remittance transactions to operate in unregulated environment. Thus, there is need for suitable policy and regulations to manage these financial transactions and encourage inflows of remittances in Zanzibar. The best avenue to address this issue is through Diaspora policy ongoing development of Microfinance policy. Among the policy recommendations shall include reduction of remittance transfer costs among financial institutions.

Other policies issues recommended to compromise inflow and developmental uses of remittances famed in increasing access to banking services by remittance recipients; creating incentives to set-up business and investment using remittance funds; promote financial literacy for remittance receiving households; remove constraints on remittance transfers; assist for migrant association projects; and matched funding arrangements, which can be done through MKUZA III financing strategy. All these policy actions should be aimed at improving inflows and influencing productive uses of remittances by receiving households as well as influence multiplier effects to other community members.

6.4.2 Improving Remittance Delivery Channels and Methods

The study observed several challenges impeding Zanzibar toward effective deliveries and management of remittances. The most distressing one is channelling remittances through informal system and lack of recording of the same. To overcome these

challenges, the study proposes the following measures to be taken to boost remittance delivery through reliable formal channels and recording system:

(iii) Facilitate migrant workers to open bank accounts

Local banks and financial institutions should facilitate and encourage Migrant workers and Diasporas to open their bank accounts in domestic financial institutions and therefore, the future remittance cash inflows in their special accounts. This proposal can be implemented through collaboration of local financial institutions (banks) and agencies responsible for facilitation of transportation of migrant workers.

In the process of registering migrant workers before leaving the country, financial institution shall facilitate each migrant worker to open foreign account which shall be used by individual worker to deposit and save part of his / her income which can be used particularly for investment at their home country. This process shall support to establish proper recording system and establishment of database of migrant workers and Diaspora living outside Zanzibar for future plans.

(iv) Establishment of branches of financial institutions

Branches of commercial banks, insurance companies, and registered money transfer agencies working in Zanzibar are avenues for reaching the lower income Diasporas and less sophisticated members of the migrant workers' population. These familiar institutions in Zanzibar with good track records will help to engender confidence of the usually suspicious Diaspora and migrant workers abroad by establish agencies in the countries where many working migrants are living. According to the observations

made during the study, majority of remittances come from UAE, Canada and UK. Thus, the study proposes to start with establishment of branches/ agencies in these countries. Branch offices like the one which was established by Zanzibar State Trading Company (ZSTC) for marketing of cloves can serve the purposes.

(v) Registration of remittance vendors

Remittance vendors occupied a large percentage of remittances received in Zanzibar. However, these vendors were not formally registered for remittance transactions, but, they were trusted and utilized by many households for receiving remittances. During the study, it was noticed that a number of such vendors were doing remittances businesses.

The study proposes to register and formalize the vendors for such businesses. Such measure will facilitate control and regulation of the businesses and provide room for the Government to earn taxes from the inflows, which otherwise were not collected at all. However, it is important to note that the fees and tax structure allied to remittances should offer incentives for migrants to send more through the desired formal channels.

6.4.3 The Banking Sector should be Highly Proactive

There has to be an increase in speed and confidence of remittance transactions to boost more migrants and Diasporas to send their money through official banking channels. The recent world remit services established by People's Bank of Zanzibar should be widely advertised especially to countries with many Zanzibar Diasporas and migrant workers. That will help to remittance inflows through formal channels.

6.4.4 Improve Efficiency in Remittance Transactions

Apart from the costs involved, the survey was informed that remittance transactions have been associated with the problems of fraud, theft, communication problem and inconveniences. The proposed measures are aimed at reducing existing difficulties in remittance services. Training on customer care and services, reputation and confidence building for agents providing remittance services are important aspects to improve efficiency. These recommended efforts aimed at building capacity of service providers and improving efficiency of remittance transactions

6.4.5 Increase Household Remittance Income and Impacts on Poverty Reduction

It is imperative that, efforts to increase the volume of remittances should also be embraced by measures in channelling remittances to highly productive uses for sustainable poverty reduction in Zanzibar. A large percentage of remittance inflows to Zanzibar were spent on consumptions and related services.

Apart from providing food security and other household consumption, remittance receiving households will have highly sustainable impact on poverty reduction and improvements of standard of living by investing parts of remittances received in productive uses. In order to harnessing the contribution of remittance received to development and impacts on poverty reduction there is need:-

(i) To improve investment climate through remittances

The proposal here is destined to introduce reversal uses of remittances by establishing special programs in different communities to reduce poverty.

The programs shall provide business and investment advice to remittances receiving households and migrant workers. The study proposed formation Migrant workers and Diasporas fund through their organizations. They will facilitate collection and sending collective remittances to finance their communities in Zanzibar and establishment of special investment programmes. The Government on the other hand shall provide conducive and special incentives on remittances investment funds including tax waivers and tax holidays on migrants' investments.

(ii) Empowerment program for Diaspora and migrant workers

As an effort to implement measures to improve positive effects of remittances on poverty reduction, it is essential to introduce and provide training programs through Department responsible for sending migrant workers abroad and special orientation programs through embassies in various countries especially those found with substantial number of Zanzibaris and significant amount of remittance inflows. Training shall support skills upgrading of nationals abroad and in turn, shall provide opportunities to discuss remittance and investment options with Diaspora and migrant workers.

The programmes shall include family specific projects that will be developed to empower receiving households, emphasize on culture of savings among recipient households. Such measures will enable them to get capital to operate and expand their businesses, improve levels of financial literacy; entrepreneurship and capabilities to better manage their enterprises. Training on business management skills and marketing should be provided periodically especially before receiving remittances as part of empowerment programme. Such attempts will enable community and

receiving households to utilize funds effectively. It is also recommended to encourage Migrant and Diaspora to join with security funds in Zanzibar, this can be applied as part of empowerment program to increase saving and develop capacity to invest.

6.5 Suggestions for Further Studies

This study was focused to remittances receiving ends (households). It is imperative to look on the other side of the coin, that is, remittance senders so as to be able to make comprehensive cross-case analysis. It is important to conduct “the country wide remittances Survey.” That may generate comprehensive data on remittance inflows to be used as part of innovative financing in the Zanzibar Strategy for Growth and Reduction of Poverty.

It is also suggested to conduct study on the “Effects of fees and taxes on remittance inflows in Zanzibar”. The suggestion is based on the responses of the household respondents who were not willing to receive remittances through formal channels avoiding fees and taxes charged. The empirical findings of such study shall guide the Government on the charging system at the same time encouraging remittance inflows through formal channels.

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Relationship (Colum 3) Head of H/hold =1 Wife/Husband =2 Son/Daughter =3 Mother/Farther =4 Brother/Sister =5 Others =7	Marital status (Colum 6) Married =1 Not married =2 Living together = 3 Divorced =4 Separated =5 Widowed =6	Reading and writing (Colum 7) Kiswahili =1 English =2 Kiswahili & English =3 Other languages =4 No reading no writing =5	Education status (Colum 8) In School =1 Attended school =2 Never attended school =3
Education level (Colum 9) Primary education Secondary education Below std one =00 Standard one to eight =01 Form one to form four =04 Form five to form six = 05 Post primary school training =02 Post-secondary training =06 Adult education = 03 University education = 07			Economic activities (column 10) Agriculture/ fisheries =01 Employed by Government / Parastatals =02 Private/ NGO =03 Self-employed (Non-farm activities) Self-employed =04 Not employed =05 Un paid labour (agriculture activities =06 Un employed =07 Don't want to work =08 House wife =09 Student = 10 Un able to work /Elder/Retired/Sick/Disable = 11 Others (mention).....12

PART III: INFORMATION ON HOUSEHOLD MEMBERS LIVING OUTSIDE ZANZIBAR

2	Is there any member of this household living outside Zanzibar Please if he/she is there, give me an information of every household member living outside Zanzibar				Yes, / Living in Dar es salaam = 1 Yes, / Living in mainland Tanzania = 2 Yes, / Living in outside Tanzania=3 No member of household outside Zanzibar = 4				
No.	Name of household member	Relationship with head of household	Sex M =1 F =2	Age	Marital Status	Reading & writing	Educational status	Level of education	Main economic activities /working outside Zanzibar
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1									
2									
3									
4									
5									
6									
Education level (Colum 9)						Economic activities (column 10)			
Primary education						Agriculture/ fisheries =01			
Secondary education						Employed by			
Below std one =00						Government / Parastatals =02			
Standard one to eight =01						Private/ NGO =03			
Form one to form four =04						Self-employed (Non-farm activities)			
Form five to form six = 05						Self-employed =04			
P0st primary school training =02						Not employed =05			
Post-secondary training =06						Un paid labour (agriculture activities =06			
Adult education = 03						Un employed =07			
University education = 07						Don't want to work =08			
						House wife =09			
						Student = 10			
						Un able to work			
						/Elder/Retired/Sick/Disable = 11			
						Others (mention).....12			

<p>4. Reasons for leaving /Migrating from Zanzibar?</p> <p>1= looking for job 2 = Scarcity of land 3. = Economic hardship 4.= Politics</p> <p>5 = Marriage 6 = Business 7. =Don't know</p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<p>5. How do you communicate with him/her/them?</p> <p>By letter =1 By telephone =2 Come back home often =3 We visit him/them =4</p> <p>No communication =5</p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<p>6. From your opinion, emigration is recurring phenomena in Zanzibar?</p> <p>Yes =1 No =2 I don't know = 3</p>	<input type="checkbox"/>
<p>7. Are you supporting the idea of the people to migrate from Zanzibar?</p> <p>Yes I support the idea =1 I don't support the idea = 2 I have no opinion = 3 I don't know = 4</p> <p>Attention : Ask the reasons</p>	<input type="checkbox"/>
<p>8. Do you thing family activities delayed because of the family member migrated from Zanzibar?</p> <p>Yes = 1 (Mention the activities delayed)</p> <p>.....</p> <p>No = 2</p>	<input type="checkbox"/>
<p>9 .Do they left their children / wife in Zanzibar?</p> <p>Yes =1 No = 2</p>	
<p>10. Do you need any assistance from them?</p> <p>Yes =1 No =2</p>	
<p>11.How many times do you get assistance from those members of your household abroad</p> <p>Monthly =1 Once a year = 2 Twice a year = 3 Many times =4 I don't get any assistance =5</p>	
<p>12. What types of assistance you normally received?</p> <p>Monetary =1 Clothes =2 Tool/equipment for business =3. Others mention them =4</p>	<input type="checkbox"/>

<p>13. On average how much money do you received as remittance from abroad annually</p> <p>US\$ 100 to 400=1. US\$ 401 to 600=2. US\$ 601 to 800=3. US\$ 801 to 1000=4</p> <p>US\$ 1001 to 1500 =5. US\$ 1501 to 2000 =6. US\$ 2001 to 2500 =7. US\$ 2501 to 3000 =8. US\$ 3001 to 4000 =9. US\$ 4001 to 5000 = 10. Above US\$ 5000 =11</p>	<input type="text"/>						
<p>14. How much remittance money do you receive from your relatives in Tanzania Mainland annually</p> <p>Tshs.. 100 000 to below 200 000 = 1. Tshs. 200 000 to below 400 000 = 2. Tshs. 400 000 to below 600 000 =3. Tshs. 600 000 to below 800 000 =4. Tshs. 800 000 to below 1 000 000 =5.</p> <p>Tshs. 1 000 000 and above = 6</p>	<input type="text"/>						
<p>15. how much in monitory value, the assistance (clothes, tool & others) you received monthly/annually</p>	<input type="text"/>						
<p>16. In which ways do you receive remittance money from abroad?</p> <p>Bank =1. Post office =2.Hand carrying by relatives =3. Remittance vendors = 4. Others mention them.</p>	<table border="1"> <tr> <td><input type="text"/></td> <td><input type="text"/></td> </tr> </table>	<input type="text"/>	<input type="text"/>				
<input type="text"/>	<input type="text"/>						
<p>17. How do you see/ assess the ways you receive remittance money</p> <p>Very Good= 1. Good = 2. Bad = 3</p> <p>Explain why</p> <p>.....</p>	<input type="text"/>						
<p>18. How helpful are the remittances?</p> <p>Very helpful =1, Somehow helpful = 2, Not helpful = 3</p> <p>I don't know =4</p>	<input type="text"/>						
<p>19. What are the uses of the remittance money you receive from abroad?</p> <p>Food = 1, Education for children =2, Building house =3, Health care = 4. Business = 5</p>	<table border="1"> <tr> <td><input type="text"/></td> <td><input type="text"/></td> <td><input type="text"/></td> </tr> <tr> <td><input type="text"/></td> <td><input type="text"/></td> <td><input type="text"/></td> </tr> </table>	<input type="text"/>					
<input type="text"/>	<input type="text"/>	<input type="text"/>					
<input type="text"/>	<input type="text"/>	<input type="text"/>					

<p>20. How much is your monthly income without remittances?</p> <p>Tshs. 100 000 to less than 200,000 = 1. Tshs. 200,000 to less than 400,000 = 2. Tshs. 400,000 to less than 600,000 =3. Tshs. 600,000 to less than 800,000 =4. Tshs. 800,000 to less than 1,000,000 =5. Tshs. 1,000,000 and above = 6</p>	<input type="text"/> <input type="text"/>
PART FOUR: ASSESSMENT OF HOUSEHOLD POVERTY	
<p>21. Directives for ranking the household</p> <p>The wealth/ rich household =1</p> <p>The moderately wealth household =2</p> <p>The poor household =3</p>	<input type="text"/>
<p>22. How many sleeping beds in this household?</p>	<input type="text"/>
<p>23. Do you own this household? Yes= 1 No =2</p>	<input type="text"/>
<p>24. Type of roofing materials</p> <p>Palm leaves = 1, Grasses = 2 , Concrete =3, Iron sheets = 4 , Tiles = 5</p>	<input type="text"/>
<p>25. Types of wall materials made of this household</p> <p>Stones =1, Cement blocks =2, Soil blocks = 3, Coral blocks = 4, Sticks and soil =5, Timber =6, Grasses = 7.</p>	<input type="text"/>
<p>26. Floor type?</p> <p>Soil = 1 Concrete/Cement = 2, Tiles = 3, Other type of floor. Mention = 4.....</p>	<input type="text"/>
<p>27. What is the main source of fuel for cooking ?</p> <p>Electricity =1, Wood = 2, Charcoal = 3, Kerosene = 4, Gas = 5.</p>	<input type="text"/>
<p>28. What is the main source of fuel for lighting?</p> <p>Electricity =1, Wood = 2, Charcoal = 3, Kerosene = 4, Gas = 5.</p>	<input type="text"/> <input type="text"/>
<p>29. Which tool of transport you own in this household?</p> <p>Motor car =1, Motorcycle = 2, Bicycle = 3, We don't own any tool of transport = 4</p>	<input type="text"/> <input type="text"/>

30. Where do you get the following social services for your household?		<input type="checkbox"/>
Institution	Govern	
Primary school		
Secondary school		
Heath center		
31. Which type of toilet facilities available in this H/hold? Flush toilet =1, Pit latrine = 2, Ventilated Improved Pit latrine (VIP) = 3 No toilet = 4 Other type mention.....		<input type="checkbox"/>
32. How many meals your family normally take per day?		<input type="checkbox"/>
33. How many times did you eat meat in your household?		<input type="checkbox"/>
34. How many times you have experienced food shortage in your household last year. We never experienced food shortage: Only once per year =1, Twice a year =2, Very often = 3, Every time = 4		<input type="checkbox"/>
35. How many hectare of land did your family own?		<input type="checkbox"/>
36. The school aged children are going to school? Yes, all are going =1 Yes, they are going but not all =2 (Explain)..... They are not going to school =3 Not applicable (NA) =4		<input type="checkbox"/>
37. If they are not going to school Why? We have no money, =1 They don't like to go to school =2 They are working, =3 They are sick =4 Lack of space/school =5 Not applicable (NA) =6		<input type="checkbox"/>

Appendix II: Bank and Remittance Vendors Questionnaire

PART I: INTRODUCTION

No.		
1.01	Name of the Bank/Vendor	
1.02	Name of interviewee	
1.03	Title	
1.04	Number of years you have been in this position	
1.05	Number of years of services in the Bank/office	
1.06	Date of interview (Day/Month/Year)	

PART II: CUSTOMERS OUTSIDE ZANZIBAR

2	Do you have customers living outside Zanzibar? If yes, how many customers?	Yes we have customers in Dar es salaam= 1	<input type="text"/>
		Customers in the rest of Mainland Tz= 2	<input type="text"/>
		We have customers outside Tanzania =3	<input type="text"/>
		We don't have customers outside Zanzibar =4	<input type="text"/>
3	Please provide the information of your customers living outside Zanzibar.		
Na	Countries they are living	Types of account/ services they often using	
1			
2			
3			
4			
5			
6			
7			
8			
9			

04	When did you start the business/services of receiving and sending money outside Zanzibar?	1 – 5 years = 1 5 – 10 years = 2 Above 10 years = 3	<input type="text"/>
05	Do you have customers sending money from abroad to their relatives through your bank/office?	Yes = 1 No = 2	<input type="text"/>
06	On average how many customers used to send money to their relatives in Zanzibar	(a) Monthly (b) Annually	<input type="text"/> <input type="text"/>
07	On average how much money your customers abroad used to send to their relatives in Zanzibar through your bank/office	(a) Monthly (b) Annually	<input type="text"/>
PART III: SERVICES FOR SENDING AND RECEIVING MONEY FROM ABROAD			
08	Which country you normally receive largest amount of money?	UK = 1 USA = 2 UAE = 3 Mainland Tanzania = 4 Others, mention	<input type="text"/>
09	In which ways you receive the money from abroad.		<input type="text"/>
10	Which identity you need to identify someone to receive the money sent by his/her relatives abroad?	Zan ID =1 Work identity =2 Passport = 3 Any of the above = 4 Other identity, mention =5	<input type="text"/>
11	(a) Is there any fee paid by someone receiving money from abroad (b) If yes how much?	Yes = 1 No = 2	<input type="text"/> <input type="text"/>
12	(a) Is there any fee charged someone who is sending money (a) If yes how much?	Yes = 1 No = 2	<input type="text"/> <input type="text"/>
13	Do you pay the same currency you have received?	Yes = 1 No = 2	<input type="text"/>
14.	What are the challenges you are facing in the operation of this business/ services		

THANK YOU FOR YOUR COOPERATION

Appendix III: Field Survey Manual

1. Definitions

- a. Household:** A household is a person or group of persons who live in the same homestead/compound but not necessary in the same dwelling unit, have same cooking and eating arrangements and are answerable to the same household head. It is important to remember that the members are not necessary related by blood or marriage. For example, a house maid/worker who lives and eats with the household should be included in the household. The members are those who normally live in the household and not necessary spent the night in the household.
- b. Household Head:** This is the most responsible/respectable member of the household who makes key decisions of the household on day to day basis and whose authority recognized by all other members of the household. It could be the father, mother or a child or any other responsible member of the household depending on the status of the household.
- c. Household members:** Persons who are currently living in the household and have common cooking and eating arrangements.
- d. Respondent:** This is the person who answers the questions during survey interview. This maybe the head of household or any other member of the household who can provide most if not all the information about the household members at the time of the interview as per the questionnaire requirements.
- e. Non-household member:** This includes the relatives who are currently not members of the household. For example, a brother who has shifted and is not part of the sister's household.

- f. Current migrant workers:** Include those households' members who used to live in the household but are currently living and working outside the household either within the country in Tanzania Mainland (internal migrant) or outside the country (International migrant). These are members who have been away for more than six months without returning.
- g. Return migrants:** Return migrants include those household members who used to live outside the household either in Tanzania Mainland or outside the country BUT have now returned to live in the household.

2. Role of the interviewer

Including a researcher and assistant researchers, the interviewer will:

- a. Collect the best available quality data and be able to correct completed questionnaires, where necessary;
- b. Be patient, enduring and tactful when interviewing household members in order to win their collaboration, confidence and trust;
- c. Avoid anticipating or suggesting answers from interviewed household members;
- d. Ensure confidentiality of all data collected from the interviewed households;
- e. Research assistants need to follow the instructions given by a researcher;
- f. Know and adhere to the content of the research manual;
- g. Follow the advices and instructions established during assistant researchers training;
- h. The researcher and his assistants will review each completed questionnaire before leaving the household. This verification will ensure that each question asked and responded to, and that each answer is readable.

- i. In addition, all remarkable or extraordinary information should be recorded in the sheet margin adjacent to proper question or section. This information will help a researcher to verify completed questionnaires and gain further knowledge on respective question
- j. The questionnaire is not to be revised. Rewriting answers on a new questionnaire would be a source of errors. Answers will be written directly in the questionnaire. The interviewer can use the margin of the questionnaire sheet for calculation and computation if needed.

3. Role of the researcher

A researcher in this survey is also a supervisor of field work will:-

- a. Ensure that the logistics are done properly to facilitate the movement of the interviewers/ research assistants in all sample areas;
- b. Ensure the questionnaire has been filled diligently and correctly ;
- c. Train research assistants' prior field survey execution and guiding on the ground.

4. Field preparation for household interview

Field clearance letter issued by Directorate of Research, Publication and Postgraduate Studies of the Open University of Tanzania, followed by application for a research permit from the Office of the Second vice President of Zanzibar and the Office of the Chief Government Statistician, then research permit and letter of introduction to the District authorities issued.

Introducing a researcher and research assistants to the district authorities and sample Shehias before the actual household interview begins. A researcher should clearly

explain to the local authorities the objectives of the research, the method that the research will be conducted, and the estimated time needed to complete the interview. Here, it is very important to reassure the population that this research is not disturbing remittances they are receiving and has no negative connotation with their livelihood. It should be stressed that household cooperation with the research team is essential to gathering the best quality data. It is also important to emphasize that all collected data will remain anonymous and confidential.

Appendix IV: List of Shehias Involved in the Survey sample

S/N	Name of Districts & Shehia	No. of Sample Households	Popn In Sample Shehia	Males Popn.	Females Popn.
	KASKAZINI 'A'		105 780	51 566	54 214
1	MKOKOTONI	10	2 803	1 400	1 403
2	MKWAJUNI	10	3 509	1 651	1 858
3	KANDWI	10	1 741	882	859
4	KIVUNGE	10	4 199	2 012	2 187
	SAMPLE SHEHIA SUB TOTAL	40	12 252	5 945	6 307
	KASKAZINI 'B'		81 675	40 548	41 127
5	MKATALENI	10	4 869	2 370	2 499
6	MANGAPWANI	10	2 246	1 145	1 101
7	MISUFINI	10	7 986	3 920	4 066
8	MAHONDA	10	4 322	2 129	2 193
	SAMPLE SHEHIA SUB TOTAL	40	19 423	9 564	98 59
	KATI DISTRICT		76 346	38 538	37 808
9	TUNGUU	10	3 563	1 788	1 775
10	JUMBI	10	3 905	1 902	2 003
11	CHWAKA	10	3 196	1 569	1 627
12	KIBOJE M/SHAURI	10	1 467	731	736
	SAMPLE SHEHIA SUB TOTAL	40	12 131	5 990	6 141
	KUSINI DISTRICT		39 242	19 342	19 900
13	PAJE	10	3 245	1 643	1 602
14	KIZIMKAZI KUNGUNI	10	2 617	1 243	1 374
15	MTENDE	10	1 330	656	674
16	MZURI	10	2 120	1 045	1 075
	SAMPLE SHEHIA SUB TOTAL	40	9 312	4 587	4 725
	MJINI DISTRICT		370 645	176 979	193 666
17	MAKADARA	10	5 048	2 342	2 706
18	KWAMTIPURA	10	11 572	5 575	5 997
19	MIGOMBANI	10	7 164	3 674	3 490
20	MWEMBETANGA	10	2 610	1 167	1 443
	SAMPLE SHEHIA SUB TOTAL	40	26 394	12 758	13 636
	MAGHARIBI DISTRICT		223 033	106 611	116 422

S/N	Name of Districts & Shehia	No. of Sample Households	Popn In Sample Shehia	Males Popn.	Females Popn.
21	MWANAKWEREKWE	10	20 215	9 530	10 685
22	FUONI KIBONDENI	10	15 400	7 468	7 932
23	MAGOGONI	10	14 928	7 215	7 713
24	TOMONDO	10	23 254	11 019	12 235
	SAMPLE SHEHIA SUB TOTAL	40	73797	35 232	38 565
	SAMPLE POPN UNGUJA	240	153 309	74 076	79 233
	WETE DISTRICT		107 916	52 348	55 568
25	BOPWE	10	5 212	2 450	2 762
26	KISIWANI	10	3 236	1 611	1 625
27	MTAMBWE KASKAZINI	10	5 417	2 638	2 779
28	PANDANI	10	5 895	2 835	3 060
	SAMPLE SHEHIA SUB TOTAL	40	19 760	9 534	10 226
	MICHEWENI DISTRICT		103 816	50 874	52 942
29	KONDE	10	8 573	4 106	4 467
30	SIZINI	10	5 284	2 586	2 698
31	MICHEWENI	10	6 197	3 134	3 063
32	TUMBE MASHARIKI	10	4 679	2 292	2 387
	SAMPLE SHEHIA SUB TOTAL	40	24 733	12 118	12 615
	CHAKECHAKE DISTRICT		97 249	46 411	50 838
33	NG'AMBWA	10	6 133	2 901	3 232
34	KICHUNGWANI	10	2 158	959	1 199
35	KIBOKONI	10	2 584	1 263	1 321
36	MKOROSHONI	10	3 473	1 596	1 877
	SAMPLE SHEHIA SUB TOTAL	40	14 348	6 719	7 626
	MKOANI DISTRICT		97 867	47 460	50 407
37	NG'OMBENI	10	3 159	1 507	1 652
38	KENGEJA	10	6 967	3 253	3 714
39	MTAMBILE	10	4 890	2 299	2 591
40	CHOKOCHO	10	4 539	2 221	2 318
	SAMPLE SHEHIA SUB TOTAL	40	19 555	9 280	10 275
	SAMPLE POPN PEMBA	160	78 396	37 651	40 745
	TOTAL ZANZIBAR	400	231 705	111 727	119 978

Source: Computations by the author from Population Census data, 2012

Appendix V: Estimates and Projections for Remittance Flows to Developing Countries (US\$ Billions)

	2009	2010	2011	2012	2013	2014	2015f
All developing countries	316	341	381	406	438	482	534
East Asia and Pacific	85	95	106	114	123	136	152
Europe and Central Asia	37	37	41	41	45	51	58
Latin America and Caribbean	57	58	62	64	68	75	84
Middle-East and North Africa	34	41	43	47	50	53	56
South Asia	75	82	97	109	118	130	144
Sub-Saharan Africa	28	29	31	31	33	36	39
LDCs (UN-classification)	23	25	27	30	33	37	42
Low-income countries	21	23	28	32	36	41	47
Middle income	294	318	353	374	402	441	487
High income	119	121	133	128	133	141	151
World	435	462	513	534	570	623	685
Growth rate (%)							
All developing countries	-4.8%	8.0%	11.7%	6.5%	7.9%	10.1%	10.7%
East Asia and Pacific	1.8%	10.9%	12.3%	7.2%	8.2%	10.5%	11.3%
Europe and Central Asia	-19.4%	0.0%	13.1%	-0.9%	9.6%	14.8%	13.1%
Latin America and Caribbean	-11.8%	0.9%	7.3%	2.9%	7.6%	10.3%	11.0%
Middle-East & North Africa	-6.2%	20.8%	6.3%	8.4%	5.5%	6.2%	6.8%
South Asia	4.8%	9.5%	17.7%	12.5%	8.7%	9.9%	11.0%
Sub-Saharan Africa	-6.7%	4.9%	6.8%	0.0%	6.2%	8.7%	9.2%
LDCs (UN-classification)	1.4%	4.5%	11.1%	10.9%	10.4%	11.9%	12.4%
Low-income countries	3.4%	9.7%	17.8%	16.0%	11.9%	14.5%	14.1%
Middle income	-5.3%	7.9%	11.2%	5.8%	7.6%	9.7%	10.4%
High income	-10.8%	1.7%	9.2%	-3.5%	3.8%	6.5%	7.1%
World	-6.5%	6.3%	11.0%	3.9%	6.9%	9.3%	9.9%

Source: World Bank, Migration and Development Brief 19

Appendix VI: Research Clearance Letter

**THE OPEN UNIVERSITY OF TANZANIA
DIRECTORATE OF RESEARCH, PUBLICATIONS, AND POSTGRADUATE STUDIES**

P.O.Box 23409. Fax 255-22-2668759

Fax: 255-22-2668759, Tel: 255-22-2666752/2668445 ext. 2101- E-mail: drpc@out.ac.tz
Dar es Salam, Tanzania : <http://www.out.ac.tz>

14/05/2013

TO WHOM IT MAY CONCERN

RE: RESEARCH CLEARANCE

The Open University of Tanzania was established by an act of Parliament no. 17 of 1992. The act became operational on the 1st March 1993 by public notes No. 55 in the official Gazette. Act number 7 of 1992 has now been replaced by the Open University of Tanzania charter which is in line the university act of 2005. The charter became operational on 1st January 2007. One of the mission objectives of the university is to generate and apply knowledge through research. For this reason the staffs and students undertake research activities from time to time.

To facilitate the research function, the vice chancellor of the Open University of Tanzania was empowered to issue research clearance to both staffs and students of the university on behalf of the government of Tanzania and the Tanzania Commission of Science and Technology.

The purpose of this letter is to introduce to you Mr Ameir H. Sheha a PhD student at the Open University of Tanzania with Re\l No. HD/A/349/T.12. By this letter Mr Ameir H. Sheha has been granted clearance to conduct research in the country. The title of his research is "Remittance inflows and its impacts on Household Poverty in Zanzibar". The research will be conducted in Zanzibar.

The period which this permission has been granted is from 15/05/2013 to 15/09/2013

In case you need any further information, please contact:

The Deputy Vice Chancellor (Academic)

The Open University of Tanzania

PO Box 23409 : Tel: 022-2-2668820

Dar es Salam

We thank you in advance for your cooperation and facilitation of this research activity

Yours sincerely

Prof S. Mbogo

**For: VICE CHANCELLOR,
THE OPEN UNIVERSITY OF TANZANIA.**

Appendix VII: Kibali cha Kufanyia Utafiti

Ameir H. Sheha
P. O. Box 1291,
Zanzibar
21/05/2013

SECTION

**REVOLUTIONARY
GOVERNMENT OF
ZANZIBAR**
**SECRETARY
ZANZIBAR RESEARCH
COMMITTEE”**
P. O Box 239
Tel: 2230806
FAX: 2233788

RESEARCH/FILMING PERMIT
(This Permit is only Applicable in
Zanzibar for a duration specified)



KUH: KIBALI CHA KUFANYIA UTAFITI

Hivi sasa ninategemea kufanya utafiti katika mada ya **'REMITTANCE INFLOWS AND ITS IMPACTS ON HOUSEHOLD POVERTY IN ZANZIBAR'**. Utafiti huo utafanyika katika Wilaya zote za Unguja na Pemba.

Kwa barua hii, naomba kupatiwa kibali ili niweze kuendelea na utafiti huo.

Ahsante

AMEIR H. SHEHA
ZANZIBZR

Appendix VIII: Research Permint Application Letter

Name: TANZANIA
Date and Place of Birth AS 000611
Nationality: ZANZIBAR
Passport Number: N/A
Date and Place of Issue Date of arrival in Zanzibar Duration of stay: N/A
Research Tittles: INFLOWS OF REMITTANCES AND ITS IMPACTS ON HOUSEHOLD POVERTY IN ZANZIBAR
P.O.BOX 92, ZANZIBAR
Tarehe 03/06/2013

SECTION

Full address of Sponsor: **P.O.BOX 92, ZANZIBAR**

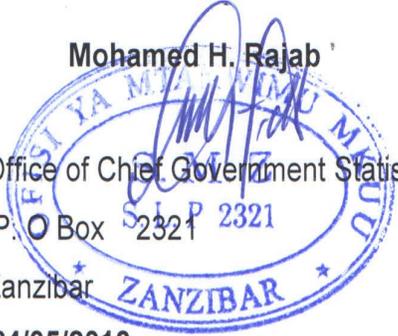
This is to endorse that I have received and duly considered applicant's request. I am satisfied with the descriptions outlined above.

Name of the authorizing officer:

Signature and seal:

Institution:

Mohamed H. Rajab
Office of Chief Government Statistician
P. O Box 2321
Zanzibar
ZANZIBAR
24/05/2013



Appendix IX: Research Clearance Letter to the District Authorities

OMPR/M.95/C.6/VOL.V/8

MKUU WA WILAYA YA KASKAZINI "A", UNGUJA

MKUU WA WILAYA YA KASKAZINI "B", UNGUJA

MKUU WA WILAYA YA WETE, PEMBA

MKUU WA WILAYA YA MKOANI, PEMBA

MKUU WA WILAYA YA CHAKECHAKE PEMBA.

MKUU WA WILAYA YA MICHEWENI, PEMBA,

MKUU WA WILAYA YA MJINI, UNGUJA

MKUU WA WILAYA YA MAGHARIBI, UNGUJA

MKUU WA WILAYA YA KUSINI, UNGUJA

MKUU WA WILAYA YA KATI, UNGUJA

KUH: RUHUSA YA KUFANYA UTAFITI

Kwa heshima naomba uhusike na mada tulioitaja hapo juu.

Serikali ya Mapinduzi ya Zanzibar imemruhusu Nd. Ameir H. Sheha mtafiti kutoka Chuo Kikuu Huria kufanya utafiti katika mada inayohusiana na "REMITTANCE INFLOWS AND ITS IMPACTS ON HOUSEHOLD POVERTY IN ZANZIBAR".

Hivyo tunaomba umpe kila msaada ili aweze kufanya utafiti huo katika Shehia alizozichagua. Utafiti huo unaanza 24/05/2013 hadi Oktoba 2013.

Pamoja na barua hii naambatanisha kibali cha kufanyia utafiti huo.

Wako Mtiifu,

K. S. Khatib
/KATIBU MKUU
OFISI YA MAKAMU WA PILI WA RAIS,
ZANZIBAR.

NAKLA. NDUGU AMEIR H. SHEHA