

**UNIVERSITY OF DERBY**

**THE PERCEIVED AND ACTUAL EFFECTS OF  
REMITTANCES ON POVERTY REDUCTION  
AND DEVELOPMENT IN TANZANIA:  
CASE STUDY OF LEICESTER-BASED TANZANIAN DIASPORA**

**Asmahan Mssami Msuya**

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## **LIST OF CONTENTS**

LIST OF FIGURES	ix
LIST OF TABLES	xi
ABBREVIATIONS	xii
GLOSSARY	xiii
DECLARATION	xiv
ABSTRACT	xv
DEDICATION	xvii
ACKNOWLEDGMENTS	xviii

## **CHAPTER ONE**

<b>1.0</b> Introduction	2
<b>1.1</b> Research Questions	4
<b>1.2</b> Background of the Study	6
<b>1.3</b> Aim and Objectives of the Study	7
<b>1.4</b> Methodology	8
<b>1.5</b> Significance of the Study	9
<b>1.6</b> Defining Poverty	12
<b>1.7</b> Defining Development	14
<b>1.8</b> Defining Diaspora	16
<b>1.9</b> Defining Remittances	20
<b>1.10</b> Why Study Tanzanian Diaspora and Inflow remittances?	22
<b>1.11</b> Leicester a Location of Study	27
<b>1.12</b> Thesis Structure	31

## **CHAPTER TWO**

### **TANZANIA: THE COUNTRY CONTEXT**

<b>2.0</b> An Overview	34
<b>2.1</b> Tanzania Natural Resources	36
<b>2.2</b> Tanzania Historical and Political Background	39
<b>2.3</b> Colonialism to Ujamaa (Independency) in Tanzania	41
<b>2.3.1</b> The Critical Analysis of Ujamaa on Socio-economic Structures in Tanzania	46
<b>2.4</b> Nyerere's Legacy and its Impact on Today's Tanzanian Society	54
<b>2.5</b> The country's Socio-economic Situation after Nyerere	56
<b>2.6</b> Tanzania's Economy in Recent Years	59
<b>2.7</b> Poverty in Tanzania	63
<b>2.8</b> Characteristics of Urban and Rural Economy in Tanzania	70
<b>2.9</b> Conclusion	74

## **CHAPTER THREE**

### **MIGRATION, DIASPORA AND DEVELOPMENT**

<b>3.0</b> Introduction	77
<b>3.1</b> Migration and Development Nexus	80
<b>3.2</b> Emigration from Tanzania: Pre-colonial to Post-Independence	86
<b>3.2.1</b> Gender and Migration in Tanzania	91
<b>3.2.2</b> Contemporary Migration	96
<b>3.3</b> Characteristics of Tanzanian Diaspora in the UK	99
<b>3.4</b> Conclusion	101

## **CHAPTER FOUR**

### **THE EFFECTS OF REMITTANCES ON THE RECEIVING COUNTRIES**

<b>4.0</b>	Introduction	103
<b>4.1</b>	The Effects of Remittances in Sub-Sahara Africa – Including Tanzania	104
<b>4.2</b>	Determinants of Remittances	113
<b>4.3</b>	Channels and Constraints of Sending and Receiving Remittances	120
<b>4.4</b>	Studies of Remittances to Tanzania	123
<b>4.5</b>	Global Recession and Remittances flow to Sub-Sahara Africa	126
<b>4.6</b>	Conclusion	130

## **CHAPTER FIVE**

### **THEORETICAL FRAMEWORK**

<b>5.0</b>	Introduction	133
<b>5.1</b>	Theoretical Overview of Migration, Remittance and Development	134
<b>5.1.1</b>	Functionalist Optimistic Perspective: Neo-classical Migration Theory	136
<b>5.1.2</b>	Structuralist Pessimistic Migration Theories: Neo-Marxist and World Systems Theories	141
<b>5.1.3</b>	New Economics of Labour Migration theory	145
<b>5.1.4</b>	Pluralistic Approach	149
<b>5.1.5</b>	Theoretical Framework of this Study	151
<b>5.1.6</b>	Conclusion	154
<b>5.2</b>	Theories of Motives to Remit	156
<b>5.2.0</b>	An Overview	156
<b>5.2.1</b>	Pure Altruism	157
<b>5.2.2</b>	Pure self-interest	158
<b>5.2.3</b>	Tempered Altruism or Enlightened self-interest	159
<b>5.2.4</b>	Limitation of Theories of Motives to Remit	162
<b>5.2.5</b>	Conclusion	165

<b>5.3 Causes of Poverty Theories: Individualistic Perspective versus Structural Perspective</b>	166
<b>5.3.1 What Role Did the Socialist Ideology of Ujamaa and SAPs Play in Enhancing or Eradicating Poverty in Tanzanian Society</b>	169
<b>5.3.2 Conclusion</b>	179

## **CHAPTER SIX**

### **RESEARCH METHODOLOGY**

<b>6.0 Introduction</b>	181
<b>6.1 The Research Design</b>	183
<b>6.2 The Research Methodology of this study</b>	190
<b>6.2.1 The Grounded Theory: Guide to Data Collection</b>	192
<b>6.2.2 Case Study as Methodology to Data collection</b>	193
<b>6.3 Research Methods</b>	195
<b>6.4 Research Techniques used for Data Collection</b>	197
<b>6.4.1 Case study 1: Leicester-based Tanzanian diaspora</b>	197
<b>6.4.1(a) Focus Group Discussions</b>	198
Sampling techniques for Focus Group Discussions: How the Sample was Obtained?	199
How the data were collected: Focus group Discussions	200
<b>6.4.1(b) Survey Questionnaire</b>	204
Sampling Techniques for Survey: How the sample was obtained?	205
Sampling Techniques: How respondents were selected?	207
Characteristics of the Survey Questionnaire Sample	207
Data collection: Survey Questionnaires	208
Administering of Survey Questionnaires	210
<b>6.4.2 Case Study 2: Remittances Receivers/ Users in Tanzania.</b>	212
<b>6.4.2(a) Semi-Structured Interviews in Tanzania</b>	213
Sampling Techniques: How the sample was obtained?	213

Data Collection: Semi-Structured Interviews with Remittances Receivers in Tanzania	214
<b>6.4.3</b> Case Study 3: Tanzania Government Institutions and other Officials	218
<b>6.4.3(a)</b> Semi-Structured Interviews with Government Institutions and other Officials	219
<b>6.4.3(b)</b> Secondary Data (Document Analysis).	220
<b>6.5</b> Data Analysis: Grounded Theory as Data Analysis Tool	222
<b>6.5.1</b> Methods of Data Analysis	223
<b>6.6</b> Ethical Issue and Considerations	229
<b>6.7</b> Limitations of the Study	233
<b>6.8</b> Conclusion	234

## **CHAPTER SEVEN**

### **RESEARCH FINDINGS**

<b>7.0</b> Introduction	236
<b>7.1</b> Findings from Case Study 1: Leicester-based Tanzanian Diaspora	238
<b>7.1.1</b> Why the Leicester-based Tanzanian Diaspora came to the UK?	238
<b>7.1.2</b> Why do Leicester-based Tanzanian Diaspora send Remittances to Tanzania (Motives and determinant factors)?	240
<b>7.1.2.1</b> Motives behind Leicester-based Tanzanian Diaspora's Remittance Behaviours	241
<b>7.1.2.2</b> Determinant factors: Their Effects on the Diaspora's Remittance Behaviours	248
(a) Gender	249
(b) Age	251
(c) Generational contrast (younger versus old generation)	252
(d) Duration of Stay	253
(e) Socio-economic status (employment and Education)	255
(f) Geographical Factors (in country of origin –Tanzania)	257
(g) Geographical Factors (in the host country- Leicester, UK)	258
(h) Ethnicity	260

<b>7.1.3</b> What Types of Remittances are sent from Leicester to Tanzania?	261
<b>7.1.4</b> What Channels are used to Transfer Remittances from Leicester to Tanzania?	263
<b>7.1.4.1</b> Formal channels used to Transfer Remittances to Tanzania	264
<b>7.1.4.2</b> Informal channels used to Transfer Remittances to Tanzania	266
<b>7.1.4.3</b> Semi-formal channels used to Transfer Remittances to Tanzania	267
<b>7.1.4.4</b> Transmission of Social remittances.	270
<b>7.1.5</b> What are the Barriers to Remittance Transfer from Leicester to Tanzania?	275
<b>7.1.6</b> To whom are Remittances sent?	279
<b>7.1.7</b> What are the Perceived Uses of Remittances in Tanzania: the Diaspora's viewpoints?	281
<b>7.1.8</b> What are Perceived Effects of Remittances on Poverty Reduction and Development in Tanzania: the Diaspora's viewpoint?	282
<b>7.2</b> Findings from Case Study 2: Remittance Receivers in Tanzania	284
<b>7.2.1</b> What are the Remittances Receivers' Relationships to Diaspora?	285
<b>7.2.2</b> What are the Remittance Receivers' Occupations in Tanzania?	287
<b>7.2.3</b> What are the Average Values of the Remittances Received from Leicester?	288
<b>7.2.4</b> What are the Preferred Channels of Receiving Remittances from Leicester	289
<b>7.2.5</b> What are the Reasons for Preferred Channels of Receiving Remittances?	290
<b>7.2.6</b> What are the Uses and Effects of Remittances on Poverty Reduction and Development in Tanzania: Remittance Receivers' viewpoint?	292
<b>7.3</b> Findings from Case Study 3: Tanzania Government Institutions and other Officials.	296
<b>7.3.1</b> What are the Effects of Remittances on Poverty Reduction and Development in Tanzania: Tanzania Government officials' Viewpoint?	297
<b>7.4</b> Conclusion	300

## **CHAPTER EIGHT**

### **RESEARCH ANALYSIS AND DISCUSSION**

<b>8.0</b>	Introduction	305
<b>8.1</b>	Research Question 1: Why do the Leicester-based Tanzanian Diaspora send Remittances to Tanzania?	306
<b>8.2</b>	Research Question 2: What Types and How Remittances are sent from Leicester to Tanzania and obstacles hamper their effectiveness?	335
<b>8.2.1</b>	Factors that Hamper the Effects of Remittances on Poverty Reduction and Development in Tanzania	336
<b>8.2.1.1</b>	Challenges and Obstacles on Sending (financial and material) Remittances from Leicester to Tanzania	336
<b>8.2.1.2</b>	Challenges on Acquisition and Transmission of Social Remittances From Leicester to Tanzania	340
<b>8.2.1.3</b>	Global Economic Recession (2008) and Remittances Flow from Leicester to Tanzania	346
<b>8.3</b>	Research Question 3: What are the Effects of Remittances on Poverty Reduction and Development in Tanzania?	348
<b>8.3.1</b>	The Effects of Remittances on Poverty Reduction and Development in Tanzania	348
<b>8.3.2</b>	The Role of the Tanzanian Government in Harnessing Remittances for Poverty Reduction and Development in Tanzania	363
<b>8.4</b>	Conclusion	368

## **CHAPTER NINE**

### **CONCLUSION AND RECOMMENDATIONS**

<b>9.0</b>	An Overview of the Study	371
<b>9.1</b>	Key Findings and Theoretical Contributions of the Study	373
	(i) Key Findings	373
	(ii) Key Theoretical Contributions	383

<b>9.2 Recommendations to Diaspora, Tanzania and Host Countries</b>	<b>386</b>
<b>9.3 Recommendations on Policy Formations</b>	<b>392</b>
<b>9.4 Conclusion and Future Research</b>	<b>394</b>
<b>References</b>	<b>397</b>
<b>Appendix 1. Information Sheet</b>	<b>421</b>
<b>Appendix 2. Consent Form</b>	<b>422</b>
<b>Appendix 3. Survey Questionnaire</b>	<b>423</b>
<b>Appendix 4. Questions Schedule: Focus Group Discussions</b>	<b>427</b>
<b>Appendix 5. Brief / Debrief</b>	<b>429</b>
<b>Appendix 6. Ethical Approval Form</b>	<b>430</b>
<b>Appendix 7. An example of SPSS Data input for this Study</b>	<b>442</b>
<b>Appendix 8. An example of the Use of Remittances in Education in Tanzania</b>	<b>445</b>
<b>Appendix 9. Difference between Public and Private Schools in Tanzania</b>	<b>446</b>

## LIST OF FIGURES

1.1 Map of UK cities showing location of Leicester	29
1.2 Map of East Midland cities and Leicester wards	30
2.1 Map of Tanzania regions and position of Tanzania in the African continent	35
2.2. Map of Tanzania: national game reserves and archaeological sites	37
2.3 Map of Tanzania: rivers, lakes and the Indian Ocean	38
2.4 Example of a house and living conditions in rural Tanzania	72
2.5 Example of a house and living conditions in urban Tanzania	73
5.1 Optimistic views on the relation between migration, remittances and development in diaspora's countries of origin	139
5.2 Pessimistic views on the relation between migration, remittances and development in diaspora's countries of origin	143
6.1 Research design, approaches, methodologies, methods, and techniques used in this study	182
6.2 Six stages of research design: known as the 'research onion'	187
6.3 Four primary elements of research design	188
6.4 Example of how epistemology informs the theoretical perspectives, types of methodologies and methods of data collection.	189
6.5 Classification of sampling techniques	199
6.6 Research methodologies, methods, sampling techniques and methods of analysis used in this study	221
7.1 Reasons for the Tanzanian diaspora to come to UK	240
7.2 Three categories of remittances sent to Tanzania	262
7.3 Channels used for sending remittances to Tanzania	264
7.4 An example of semi-formal methods used to transfer remittances to Tanzania	268
7.5 Barriers to remittance transfers	276
7.6 To whom are remittances sent?	280
7.7 The perceptions of Tanzanian diaspora on the uses of remittances	282
7.8 The perceived effects of remittances on poverty reduction in Tanzania	284
7.9 Remittance receivers' relationship to the diaspora	286
7.10 Occupations of the remittance receivers in Tanzania	288
7.11 Preferred channels of receiving remittances	290
7.12. Reasons for preferences on channels of receiving remittances	291

7.13 The uses of remittances in Tanzania: receivers' viewpoints	293
8.1 Factors that affect the remittance behaviour of the Leicester-based Tanzanian diaspora	334
8.2 An example of the basic informal remittance transfer methods used by Tanzanian diaspora in Leicester	340

## LIST OF TABLES

4.1 Remittance flows by region	109
4.2 Socio-economic effects of migration	112
4.3 International remittances transactions to Tanzania and Kenya	127
5.1 Contrasting views on migration and development in diaspora's countries of origin	135
5.2 Example of the level of effects and theoretical motives to remit	165
6.1a Methods and techniques used in data collection from the three case studies	196
6.1b Major sources of secondary data	196
6.2 Focus group discussions schedule and codes	202
6.3 How the survey sample was obtained	206
6.4 Demographic characteristics of the sample	208
6.5 Modes of administration, questionnaires sent and responses received	211
6.6 How the sample of interviews was obtained	214
6.7 How the interviews were conducted	217
6.8 Coding focus group discussions data -case study 1: Leicester-based Tanzanian diaspora	226
6.9 Coding semi-structured interviews data -case study 2: remittance receivers in Tanzania	227
6.10 Coding semi-structured interviews data -case study 3: the Tanzanian government institutions and other officials	228
7.1 Relationship between gender and the amount of remittances sent to Tanzania	249
7.2 Relationship between gender and the frequency of remittances sent to Tanzania	250
7.3 Relationship between diaspora's age and amount of remittances sent	252
7.4 Duration of stay and amount sent per year cross tabulation	254
7.5 Education level and employment status cross tabulation	256
7.6 (a) Place of origin in Tanzania: Amount sent per year	257
7.6 (b) Place of origin in Tanzania: frequency of sending remittances	257
7.7 (a) Residency in Leicester and frequency of sending to Tanzania	259
7.7 (b) Residency in Leicester and amount sent per year	259
7.8 Remittance transfer channels and reasons for preference	263
7.9 Average value of remittances received from Leicester per month	289
7.10 International remittances flow to East African countries	297

## **ABBREVIATIONS**

**AIDS:** Acquired Immune Deficiency Syndrome

**ASP:** Afro-Shirazi Party

**BoT:** Bank of Tanzania

**BoK:** Bank of Kenya

**CCM:** Chama Cha Mapinduzi (The Revolution Party)

**CRDB:** Cooperative Rural Development Bank

**FDI:** Foreign Direct Investments

**GDP:** Gross Domestic Product

**HDI:** Human Development Indexes

**IMF:** International Monetary Fund

**IOM:** International Organisation for Migration

**LDCs:** Lesser Developed Countries

**MTOs:** Money Transfer Organisations

**NELM:** New Economics of Labour Migration

**OAU:** Organization of African Unity

**REPOA:** Research on Poverty Alleviation

**SAPs:** Structural Adjustment Programmes

**SPSS:** Statistical Package for the Social Sciences

**TANU:** Tanganyika African National Union

**TEDA:** Tanzania Entrepreneurs Development Association

**THBS:** Tanzania House Budget Survey

**UDSM:** University of Dar es Salaam

## GLOSSARY

**Diaspora:** refers to a single person or to a group of people living outside their country of origin.

**Globalization:** The worldwide movement toward economic, financial, trade, and communications integration that lead to interconnected and interdependent world.

**Immigration:** the action of coming to live permanently in a foreign country. This movement should involve the cross border movement.

**Immigrants:** a person who comes to live permanently in other country, is not his/her country of origin.

**Lesser Developed Countries:** are countries that are weak economically and they normally lack infrastructure and industrial base. The populations of lesser-developed countries often have relatively low living standards due poverty.

**Migration:** Movement of people from their localities to the new localities. This can be within or outside the country's boundaries.

**Migrants:** A person who lives temporarily or permanently in other place rather than its origin place of born.

**MKUKUTA:** Mkakati wa Kukuza Uchumi na Kupunguza Umaskini Tanzania (the National Strategy for Growth and Reduction of Poverty in Tanzania).

**Neo-liberalism:** An economics approach that control of economic factors is shifted from the public sector to the private sector.

**Remittances:** most commonly refers to the monies, materials or ideas the diaspora or migrants send or transmit to their countries of origin via wire, mail, or online transfer.

**South-North migration:** refers to migration from less developed countries to the richest world countries.

**South-South migration:** refers to migration from lesser developed countries (LDCs) to lesser developed country i.e. migration within LDCs.

**Ujamaa:** 'familyhood' / 'brotherhood' an ideology introduced and implemented by the first Tanzania president, Julius K. Nyerere. Ujamaa is also referred as African socialism.

## DECLARATION

I, **Asmahan Mssami Msuya**, declare that this thesis is my own original work and that no portion of the work referred to in the thesis has been or will be submitted in support of an application for another degree or qualification of this or any other university or other institute of learning.

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Signature

Date

**Asmahan Mssami Msuya**

## **ABSTRACT**

Remittances to sub-Saharan Africa have steadily been on increase in recent decades. However, the full socio-economic benefits of remittances to some countries, such as Tanzania are far from clear. Consequently, the importance of this economic phenomenon in Tanzanian society is rather inconclusive, because their effects on poverty reduction and development in Tanzania are based largely on evidence from the regional area (i.e. sub-Saharan Africa) and from other developing countries.

This study has examined the perceived and actual effects of remittances on poverty reduction and development in Tanzania from the viewpoint of Leicester-based Tanzanian diaspora and the remittance receivers' in Tanzania. The study was, therefore, based in two places, Leicester (United Kingdom- UK) and Tanzania. It adopts an inductive approach to enquiry for which both qualitative and quantitative data were collect from the three case studies: The first case study is Leicester-based Tanzanian diaspora (the remittances senders), the second case study is remittance receivers in Tanzania (the remittances users), and third case study is Tanzanian government officials (i.e. researchers, policy makers and regulatory bodies).

The significance of this study is that it is a two-way process conducted from the remittance senders' (the Leicester-based Tanzanian diaspora) and remittance the receivers' perspectives (the remittance users in Tanzania). The study, therefore, involve tracking of remittances from Leicester to Tanzania.

The study provides better insight and understanding of the effects of remittances on poverty reduction and development in Tanzania. It help to understand how best to harness diaspora and remittances through the understanding of diaspora's capabilities and interests, as well as types of remittances sent to Tanzania, channels of sending, and any obstacles that hamper the effectiveness of remittances on poverty reduction and development in Tanzania. The study also offers insight into why the Tanzanian diaspora continues to remit. Amongst other reasons, it includes the retained belief in the Ujamaa ideology (family-hood or brother-hood). In turn, this adds significant contributions on the theories of migration and development, and motives to remit.

The overall finding of this study is that remittances remain important to Tanzanian society, because they help to increase the amount of disposable money for spending on education, health, consumption, business formation, and investments. Unlike other international aid, remittances go directly to receivers. Thus, remittances tend to have immediate and direct effects on the livelihoods of the receivers. Remittances received from Leicester, therefore, help to improve the quality of lives of the recipients. Hence, they help to reduce depth and severity of poverty on the receiving communities.

Nevertheless, the findings of this study clearly show that from a developmental perspective, one of the major challenges to the effects of remittances on poverty reduction and development in Tanzania is to motivate the diaspora to conduct their remittance transfer operations through formal channels. This has remained a major challenge because of high fees associated with transfer of financial and material remittances, lack of formal channels in rural areas of Tanzania, and a total lack of appropriate formal channels for transmitting social remittances to Tanzania.

The study recommends that policies on diaspora and remittances should be designed to encourage diaspora to send remittances through formal channels with low transaction costs. This is important because it will make easier to channel remittances into sustainable developmental projects that could fuel community and national development, thereby touching not only the direct recipients but also the general public.

The study also recommends that both Tanzania and the UK government need to ensure social remittances (e.g. skills, technology-know-how, knowledge and experiences) are effectively being acquired, utilized and transmitted to Tanzania for the development of the country. This can be achieved by create a common platform for dialogue between diaspora, Tanzania and the UK governments, which will enable to understand local needs alongside the skills, knowledge, capacities and interests of the diaspora.

The study concludes that in spite of other interventions and perhaps a lesser emphasis on social remittance sending to Tanzania nowadays, diaspora remittances remain a critical input into poverty reduction and development in Tanzania.

## DEDICATION

**To my beloved son Arshead and my parents.**

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# Chapter 1

# CHAPTER 1

## 1.0 Introduction

The amount of remittances sent to sub-Saharan Africa (Tanzania included) have remained resilient despite the economic recession that affects many host countries. These flows have by far outgrown the amount of official development assistance such as foreign direct investment. The diaspora sent 72 billion US\$ worth of remittances in 2012-2014 to sub-Saharan Africa, thereby dwarfing the 47 billion US\$ that was sent as official development assistance (World Bank, 2015).

Despite the increased flow of remittances to sub-Sahara Africa, there has been a relatively small number of attempts to analyse their effects on development and poverty reduction in Tanzania. As a result, policy measures that will put remittances to their best use for poverty reduction and development in Tanzania are far from clear. This situation persists in spite of the recognized facts that well-articulated remittance management strategies can help in poverty reduction and development of diaspora's countries of origin through consumption and direct effects on savings and investment (Hansen, 2012).

Generally, studies (e.g. Mohan, 2014, Hansen, 2012, Ratha et al., 2012) on poverty headcounts before and after excluding remittance from the total income of recipients do suggest large reductions in poverty levels. This needs to be verified in Tanzania, because the overall understanding of the effects of remittances on poverty reduction and development in Tanzania is limited due to lack of empirical evidence.

This study started in 2012. It set out to explore the perceived effects of remittances as reported by Leicester-based Tanzanian diaspora (the remittances senders). It

also investigated the actual effects of remittances received from Leicester as reported by the remittance receivers in Tanzania, and Tanzanian government institutions and other officials working in the Bank of Tanzania (BoT), Tanzania Foreign Ministry (Department of Diaspora and remittances monitoring Unit) and International Organisation for Migration (IOM)- Tanzania. Within the broad realm of the investigation, this study explores the types of remittances sent from Leicester to Tanzania, methods of sending the remittances, problems encountered in the process of sending and receiving remittances and how they diminish the effects of remittances on poverty reduction in Tanzania.

This is, however, a narrower focus than the more common broader question of the link between migration and development. The study does not set out to address the issue of globalisation and migration, but will briefly discuss migration out of Tanzania from its pre-colonial period to the present and how this affects the development of the country (chapter 3). It is important to note that migration is the essence of diaspora or rather the diasporic communities, (Conversi, 2012). Migration, however, does not always result in the long-term dispersal of a people, and does not always lead to the formation of diaspora or diasporic communities. Some migrants leave their home countries only temporarily, or assimilate into the societies of the host countries so completely that they lose their distinctive identity and ties to their home countries. Thus, they remain as 'migrants' rather than 'diaspora' (Conversi, 2012). To be defined as a 'diaspora', a person must maintain distinctive identity and have a keen interest in social, cultural, political, and economic development of his/her country of origin (Sheffer, 2006 –see section 1.8 'defining diaspora').

The key research question for this study is, therefore, how do remittances sent by the Leicester-based Tanzanian diaspora from Leicester to Tanzania affect poverty reduction and development in Tanzania? Specifically, in order to answer this key question, this study addresses three main research questions (RQ) as indicated below on section 1.1.

## **1.1 Research Questions**

### **RQ1: Why do the Leicester-based Tanzanian diaspora send remittances to Tanzania?**

This research question intends to answer why Leicester Tanzanian diaspora remit, as set up on theoretical framework in chapter 5, sections 5.1. It aims to find out the motives and determinant factors of the Leicester-based Tanzanian diaspora remittance behaviour (chapter 7, section 7.2). Investigating the motivation behind remittances can help to answer the key research question. If for example remittances are sent due to an investment motive (see motives to remit in Chapter 5, section 5.2) they may potentially become an important tool for economic development, especially if they can be channelled through formal channels and into productive investment. On the other hand, if remittances are sent for other motives such as loan repayment or consumption (i.e. altruistic concern to help others on basic needs such as food and water, or on human capital such education and health expenses), these flows may have an impact on food security, as well as having positive multiplier effects that will promote people's standard of living, i.e. reduce the severity of poverty by enhance human capital and consumer purchasing power (chapter 7, section 7.1.2, 7.1.7, and 7.2.6). Another specific question that will be

addressed under this question is why the Leicester-based Tanzanian diaspora came to UK? (Chapter 7, section 7.1.1).

**RQ2: What types and how remittances are sent from Leicester to Tanzania and obstacles that hamper their effectiveness?**

Guided by specific questions, the aim of this research question is to find out whether the different types of remittances and channels used to send remittances affect poverty reduction and development in the receiving communities in Tanzania. (Chapter 7 section 7.1.3 to 7.1.6 and 7.2.4 to 7.2.5). The specific questions include what types of remittances are sent from Leicester to Tanzania? To whom are remittances sent? What are the remittance receivers' relationships to the diaspora? What channels are used to transfer remittances from Leicester to Tanzania? What are the preferred channels of receiving remittances from Leicester? What are the reasons for preferred channels of receiving remittances? What are the barriers to remittance transfers from Leicester to Tanzania and what are the obstacles influencing their effectiveness on poverty reduction and development in Tanzania?

**RQ3: What are the effects of remittances on poverty reduction and development in Tanzania?**

This research question is directly connected to the key research question, the theoretical framework and to the aim and research objectives of this study (see below section 1.3 and chapter 5 sections 5.1.1 to 5.1.5). To answer this question, the study addresses the following questions: What are the receivers' relationships to diaspora? What are the average values of the remittances received from Leicester? What are the perceived uses of remittances in Tanzania from the diaspora's view

point? What are the perceived effects of remittances in Tanzania from the diaspora's view point? What are the uses and effects of remittances on poverty reduction and development in Tanzania from the receivers' view point? What are the effects of remittances on poverty reduction and development in Tanzania from the stand point of a Tanzanian government and other officials? (Chapter 7 section 7.1.7 to 7.1.8 and 7.2.1 to 7.3. 1).

These research questions partially build on the two other questions. Firstly what constitutes poverty in Tanzania? (Section 1.6, and chapter 2, section 2.7). Secondly, what theoretical frameworks apply to diaspora, remittances and poverty reduction in Tanzania? (Chapter 5, section 5.1.4 and 5.1.5).

## **1.2 Background of the Study**

Studies of the Tanzanian diaspora's remittances and their effect on poverty reduction were made as far back as 1970s (Hansen, 2012). However, due to lack of initiatives by the Tanzanian Government, such work was eventually shelved. It was only from the year 2000 that the topic began to be viewed with renewed interest from the Tanzanian government, donors and the diaspora associations alike (Hansen, 2012; Adepoju, 2008).

There are numerous studies (e.g. World Bank, 2013a; Mercer et al, 2009; Hatibu, 2007a) about the effects of remittances received by communities in Tanzania. However, the perceived impact of remittances from the Tanzanian diaspora point of view itself is the area that remains under-researched. Previous studies have

generally deduced remittances and their effects on poverty reduction in Tanzania based primarily on surveys of the receiving communities and recipient households. Hence, little is known about the diaspora perspective.

In addition, the debate on the effects of diaspora remittances is based largely on general evidence from other developing countries and the importance of this economic phenomenon for Tanzania specifically, is rather inconclusive due to lack of empirical evidence. Consequently, the remittance flows and their impact on Tanzanian society and the country's economy have unfortunately been grossly under-researched. This study is an attempt to provide new insights on the effects of remittances on poverty reduction and development in Tanzania, by providing empirical evidence based on data from Leicester-based Tanzanian diaspora, remittance receivers in Tanzania, and the Tanzania government institutions and other officials.

### **1.3 Aim and Objectives of the study**

The overall aim of this study is to explore the perceived effects of remittances on poverty reduction and development in Tanzania from the viewpoint of Leicester-based Tanzanian diaspora and the actual effects of remittances from the remittance receivers' viewpoint.

The objectives of this research are:-

- (i) To explore the motives for sending remittances to Tanzania.
- (ii) To explore the perceptions of a Leicester-based diaspora of the way in which the remittances are used and how they affect poverty reduction and development in

Tanzania.

- (iii) To investigate the actual use of remittances by families in Tanzania who receive remittances from Leicester, UK.
- (iv) To compare the perceived effect of remittances on poverty reduction from the Leicester-based diaspora viewpoint with remittance receivers' viewpoint.
- (v) To explore types of remittances the diaspora send from Leicester to Tanzania, the channels of sending and problems faced in sending and receiving remittances.

## **1.4 Methodology**

The nature of any research problem should drive the methodology adopted (Myers, 1997 in Bryman, 2012). Being an in depth exploratory work, the nature of this study is such that both qualitative and quantitative research approaches were deployed. Both Grounded theory and Case study were adopted as methodologies of data collection and analysis of data. Grounded theory (GT) is a systematic methodology in the social sciences involving the construction of theory through the analysis of data (chapter 6 section 6.2.1. and 6.5). On the other hand, Case study methodology is a form of qualitative inquiry that intends to collect an in-depth data from a particular group, community or a single person (chapter 6 section 6.2.2).

In this study case studies research was mainly used for methodological purposes whilst a grounded theory was used both as a research methodology and data analysis tool (Chapter 6 section 6.2.1 and 6.5).

Data were collected from three case studies:

- i) The Leicester-based Tanzanian diaspora

- ii) People in Tanzania who receive remittances from the Leicester-based Tanzanian diaspora.
- iii) Tanzanian government institutions and other officials, e.g. Bank of Tanzania (chapter 6, section 6.2)

Data collection methods used in the case study one were survey questionnaires and focus group discussions. For case studies two and three semi-structured interviews were used to obtain in-depth data (chapter 6, section 6.3 and 6.4).

## **1.5 Significance of the Study**

Studies regarding remittances (e.g. Hansen, 2012; Mercer et al., 2009), poverty reduction, and development are very general and were conducted from remittances receivers' perspective. The views of the Tanzanian diaspora (the remittance senders) have rarely been subject to serious empirical studies. Therefore, the previous studies can only offer partial views of the impacts of remittances on poverty reduction in Tanzania. This study adds more insights regarding remittance flows to Tanzania and their effects on poverty reduction because it has been conducted from both the perspectives, the diaspora (remittance senders) and the remittance receivers (remittances users).

The study also tracks remittances sent from Leicester to Tanzania in order to establish the perceived and actual uses and effects of remittances in Tanzania. Hence, this has the potential to offer more comprehensive information regarding inflows of remittances to Tanzania and their effects on poverty reduction and development in Tanzania.

In addition, given the extent of poverty in Tanzania (chapter 2, section 2.7), and the volume of remittances sent by the diaspora to the country, this study on the perceived and actual impact of remittances on development and poverty reduction in Tanzania adds some critical knowledge to this under-researched area.

Further, this study highlights types of remittances sent by the Leicester-based Tanzanian diaspora, methods/ channels of sending and receiving remittances, the obstacles faced by the diaspora and receivers on sending and receiving remittances from Leicester and how these obstacles reduce the positive impact of remittances on poverty reduction in Tanzania. This may help both the sending country (Tanzania) as well as the host country (the UK) in the formulation of policies regarding the diaspora and remittances.

In particular, this study is considered important to the Tanzanian government in several ways. For example, Tanzania, as is the case with many other sub-Saharan countries, is widely regarded relatively low in the league table of remittance recipients in the world (Hansen, 2012). A good knowledge of the effects of remittances in this country will help in the establishment of international and national policies that will further boost the inflow of remittances to the country. This study will help policymakers better understand the phenomenon of remittance flows to Tanzania and how best to manipulate related policies to optimize these flows, and may help to overcome the constraints that have so far weakened the efforts of diaspora and their remittances in reducing poverty in Tanzania.

The study identifies the roles played by the Tanzanian diaspora in poverty reduction and development of their country (section 1.7, and chapter 7, section 7.1.7 and 7.2.6) and their position in the UK labour market, hence this may help to cast light on

how to engage the Tanzanian diaspora as development partners and help to fight poverty and bring development in Tanzania.

This study also scrutinises the remittance behaviour and the motives to remit of the Leicester-based Tanzanian diaspora. It examines the diaspora profile characteristics including gender, age, marital status, and duration of stay in the UK as all these factors may define the propensity of the diaspora to remit. The characteristics of remittances receivers in Tanzania, for instance household size, family structure, gender and employment status have also been examined because these characteristics play a significant role in determining the patterns of remittance spending. All these are important in understanding the motives behind remittance behaviour of the Tanzanian diaspora which will make a significant contribution to the existing classic and contemporary theories of diaspora motives to remit and on the debates regarding motives behind diaspora's remittance behaviour.

Moreover, it is an axiom that many studies recognise the potential effects of remittances on poverty reduction in poor developing countries like Tanzania. Yet, these studies only reflect a broader concern with the volume of financial remittances and their impact on receiving communities. Financial remittances, however, are far from being the only vehicle by which Tanzanian diaspora influences the extent of poverty reduction in their country of origin. This study considers the effects of all types of remittances- financial, material and social remittances (section 1.9). As it has been revealed from this study, Tanzanian diaspora send financial, material and social remittances, which are a major source of market development, technology and

skills transfer, new attitudes, cultural influences, philanthropy, as well as foreign direct investment (Chapter 7, section 7.1.3).

This study is original in its contribution to knowledge regarding Leicester-based Tanzanian diaspora, the remittances sent to Leicester to Tanzania and their impact on poverty reduction in Tanzania. Hence, it will give richer information regarding the diaspora, and the impact of remittances on poverty reduction in Tanzania.

## **1.6 Defining Poverty**

The definition of poverty depends on which perspective is taken. According to Mbughuni (2010) when defining 'poverty' one may take a global, continental, national, regional or individual perspective. Poverty can also be viewed as 'absolute' i.e. lack of basic need such as food, drinks, shelter and health care or relative i.e. what some people lack in relation to others, such as income differences (chapter 2, section 2.7).

As far as Tanzania is concerned and for the purposes of this study, 'poverty' means a state in which a person or community lacks basic needs (e.g. food, water, shelter) and freedom to enjoy a minimum standard of life and well-being that is considered acceptable within Tanzanian society. This definition is based on empirical findings of this study, as well as from literature. For example, in this study, when the researcher asked those who took part in focus group discussions in Leicester about their understanding of poverty in Tanzania (chapter 7, section 7.1.8) they said 'Poverty is lack of food, clean water and shelter. Poverty is being sick and not being able to see a doctor because of lack of money. Poverty is not having access to school and not

knowing how to read and write. Poverty is not having a job, is fear for the future, i.e. what you can eat, where you can sleep, how you can be treated if you are ill, how you can raise your family/ children. Poverty is lack of electricity, transport and other infrastructure. Poverty is lack of means to do things that make progress in one's life. Poverty is not about money or material wealth only, it is about lack of sustainable means to satisfy the basic needs and social security of the society' (chapter 7, section 7.1.8).

These definitions from participants suggest that, as far as Tanzania is concerned, elements of poverty include, lack of food, shelter and water, healthcare, primary education, as well as low life expectancy, dependent economy, poor public and social services such as roads, electricity and hospital and lack of social security.

Moreover, literature on poverty in Tanzania (e.g. Lofchie, 2014; Mbughuni, 2010) refers poverty to a circumstance where a person is not able to fend or provide sufficiently for his or her necessities or fundamental human requirements such as water, shelter, food, clothing, lack of access to education, healthcare, productive employment, and resources. These preclude the person from advancing in welfare which is limited by the scarce availability of economic and social infrastructure (Lofchie, 2014). See chapter 2 section 2.7 for more discussion on poverty in Tanzania.

## 1.7 Defining Development

The concept of 'development' has been defined differently by different theoreticians and writers. In simple term, 'development' is about the maintenance and improvement of human living standards (Selwyn, 2011). Development deals with the eradication of poverty; as Lofchie, 2014 argues development is consubstantial to breaking out of the poverty trap, such as hunger, diseases and illiteracy.

According to the World Bank (2015) 'development' encompasses positive changes on the social, political, economic, as well as environmental aspects that lead to country's economic growth and human development. Development is, therefore, a process by which a nation improves the social, political and economic well-being of its people (Sen, 2011).

However, this approach, which define 'development' in relation to economic growth and human development has been criticised by some studies (e.g. Lofchie, 2014, and Sen, 2011). These studies argue that although economic growth increases a country's total wealth, there are many cases where economic growth has not been followed by progress in human development. Instead growth was achieved at the cost of greater inequality, higher unemployment, weakened democracy, and loss of cultural identity.

Consequently, a country's 'development' level should, therefore, be perceived differently, because countries have different priorities in their 'development'. Hence to judge countries 'development' levels, one should first have to acknowledge what 'development' really means to that particular society. Importantly, one should bear in mind what the country is supposed to achieve. Indicators used to measure this achievement could then be used to judge a country's relative progress in

'development'. For example, is that particular country to improve economic growth? Or ensuring people's freedom? Or improve people's well-being (health, employment and education)? (Uvin, 2010).

As discussed in chapter 3, section 3.1, this study adopts Sen's (1999) definition of 'development'. 'Development' is the process of expanding the "real freedom" Sen (1999:384). The study adopts Sen (1999)'s definition because it defines the concept of 'development' in a broad context relationship between poverty, income, inequality, unemployment, mortality, and quality of life rather than narrow definitions of utility, and efficiency or growth rates. It focuses on human development as the entry point to the problem of poverty rather than income as the only economic growth indicator. For Sen (1999), the process of development goes beyond economic growth or physical and human capital and concludes by linking the understanding of a broad view of the development process to the substantive freedoms' of people.

'Development', therefore, consists of the "removal of various types of unfreedoms that leave people with little choice and little opportunity of exercising their reasoned agency" (Sen 1999: 385). Further, Sen (1999) mentions the major factors that limit freedom are 'poverty, social deprivation, and neglect of public facilities by a state' (Sen 1999:1).

Sen (1999) adds that for the removal of these major factors, focus should be on crucial instrumental freedoms such as economic opportunities, political freedoms, social facilities, transparency guarantees and protective security. All these need to be interconnected.

Notwithstanding, this is the most critical problem of sustainable 'development' in Tanzania, as in other developing countries is eradicating extreme poverty. That is because poverty is not only an evil in itself. It also stands in the way of achieving most other goals of 'development', from clean environment to personal freedom (Lofchie, 2014).

To assess the effects of remittances on poverty reduction and development in Tanzania, it is, therefore necessary to develop a framework that employs the widely accepted multidimensional concept of poverty in Tanzanian society. In that concept, reducing poverty involves more than raising cash income and consumption levels; poverty reduction also includes gaining access to entitlements such as education and health care that contribute to secure and sustainable basic needs such as food, water, clothing, and shelter (chapter 3 section 3.1 and chapter 5 section 5.1).

## **1.8 Defining Diaspora**

*A 'diasporan' is not simply one who claims to be a diasporan given that one lives away from home by birth; it is rather "one's continuous practice and doing and one's development of diaspora consciousness" that make one a diasporan. This is by means of "one's social, political and emotional interaction with one's communities away from home, with one's homeland and with one's host land; one thus enhances the articulations between the past and the present homeland and host land segments of the translation". Tölölyan (1996:17-30).*

This quote highlights how complex it is to define 'diaspora' and how 'diaspora' differs or conflicts with the concept of migrants.

Diaspora<sup>1</sup> is a loaded concept that brings to mind various contested ideas. The diaspora concept finds its roots in Hebrew word '*Galut*', which is associated with a more general idea of people settled away from their country of origin (Shuval, 2000 cited in Conversi, 2012).

Whilst many authors and theorists (e.g. Meyer, 2011, Tölölyan 2007) criticize the multiple meanings and try to avoid the vagueness of this concept, they often give their own definitions that differ from one another. For instance, Safran, (1991- cited on Meyer 2011) defined diaspora as a segment of people living outside their country of origin. Cohen, (1997:24 cited in Meyer, 2011) describe diaspora as "group of people that scatter for aggressive or voluntary reasons".

The difficulty in defining the concept of 'diaspora' is partly due to the fact that this concept has been defined from different perspectives. On one hand, some theorists such as Gilroy, (1993), Hall, (1990); Gomez, et al., (2004) argue that trauma and violence (i.e. slave trade, wars and persecutions) are central to the concept of diaspora. In contrast, other theorists such as Shuval, (2002), Sheffer, (2003), Tölölyan (2007), and Koser, (2003) argued that violence or traumas are not central to the understanding of concept of 'diaspora'. This is because diaspora include people who choose to leave their country of origin voluntarily for variety of reasons, such as searching for work and better lives and maintaining a closer relationship with their country of origin.

Throughout history African diaspora have been seen as forced displaced people and, consequently, have been often defined as victims. For instance, the African

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<sup>1</sup>The word 'diaspora' can be used to refer to a single person or to groups of people.

diaspora has been defined as 'diaspora of the aftermath of the slave trade and colonialism (Gilroy, 1993; Hall, 1990). However, due to the growing discussion on 'diaspora' and their socio-economic activities, African diaspora are now defined as people whose decisions to migrate and settle in the host countries are attributed to a variety of factors (e.g. employment, marriage, family reunion etc.) rather than as victims. Interestingly, the African diaspora are now very much being defined in terms of their contributions towards development of Africa (Maimbo et al., 2011; Anyanwu et al., 2011). The Organization of African Unity (OAU), for instance, defines African diaspora as "people of African origin living outside their countries of origin, irrespective of their citizenship and nationality and who are willing to contribute to the development of the continent" (OAU, 2012). Many African countries have now recognized the diaspora as development partners and a vital source of development for their countries.

Moreover, over the last several decades, the concept of 'diaspora' has been complicated by the consequences of globalization, the issues of postmodern consciousness, global mobility, technological advancement and easy connectedness of the world via different means of communication such as mobile phones, internet/ emails, social media such as Facebook, Instagram and Twitter (Conversi, 2012; Tejada, 2012).

Generally, African diaspora can be categorized into two main groups:

- (i) The 'historical African diaspora', which are people of African descendant dispersed from their home lands for traumatic reasons, such as slavery/

slave trade, war, the aftermath of colonialism and imperialism. For example, African American / Black America in the United States of America.

- (ii) The 'modern African diaspora', which are people of Africa scattered voluntarily for reasons such as searching for a better life, employment, in pursuit of trade, for studies/ education purpose and family reunion. For example, the African diaspora settled in Europe from the 1970's.

For the purposes of this study, the diaspora to referred here are '*modern*' Tanzanian diaspora, and the understanding of diaspora is similar to the definition offered by Sheffer, (1986:3 cited in Sheffer, 2006) that 'diaspora are ethnic minority groups of migrant origin residing and acting in host countries but maintaining strong sentimental and material links with their countries of origin'. They demonstrate a strong connection to his / her country of origin and on inability to easily assimilate into the host society.

This definition suggests that in essence, the formation of diasporic communities involve the migration of people from their country of origin to the host lands. However, unlike migrants, diaspora have a unique feature that is the maintenance over time of links with their countries of origin. The country of origin is often idealised, and collective memories or myths about it are nurtured and transmitted across generations, long after the living links of the first people to migrate and their memories have died out. Thus, diaspora maintain a strong ethnic consciousness through shared habits, social and material culture, memories, and language. They

often synthesize a sense of collective identity and construct a common cultural discourse (Sheffer, 2006; Meyer, 2011).

## 1.9 Defining Remittances

Remittances can simply be defined as money and non-monetary items sent by diaspora in the host countries to the countries of origin that are intended to cater for various needs ranging from consumption to investments. Although the notion of remittances conjures mainly monetary aspects, remittances in fact embrace monetary and non-monetary flows. Remittances can generally be classified into three main categories:

- Financial remittances (monetary remittances) are monies sent by diaspora to their country of origin.
- Material remittances such as machinery, computers, cars etc. exported by diaspora from host countries to their country of origin.
- Social remittances include ideas, norms, and practices that circulate from diaspora in host countries to their country of origin. Levitt (1998) in her seminal article- '*Social Remittances: Migration Drive Local- Level forms of cultural diffusion*' coined the term social remittance to define the diffusion of social norms, practices, and social capital towards and from diaspora sending countries. Mohamoud and Fréchet, (2006) define 'social remittances' as

ideas, practices, mind-sets, world views, values and attitudes, norms of behaviour and social capital (knowledge, experience and expertise) that the diaspora mediate from host to home communities.

The Tanzanian diaspora who participated in this study reported that apart from financial remittances, they also sent different types of materials and equipment such as cars, tractors, mobile phones, computers, kitchen utensils and large equipment, machinery, textiles, building materials as well as sharing of ideas, skills and knowledge acquired from the host country society. Unlike other development aid to Tanzania that streams through government agencies and non-governmental organizations, remittances are targeted precisely to the needs and desires of their receivers. As a result, remittances help to tackle problems faced by the recipients at the right time and without fears of ending up in corrupt hands (chapter 7, section 7.1.8 and 7.2.6).

Remittances to Tanzania, as is the case of many other sub-Saharan countries, are more stable sources of assistance with significant developmental effects on individual recipients and the communities at large (Mercer et al., 2009). Remittances contribute substantially to the balance of payments in several countries, for instance in Sudan and Botswana (Davies, 2012). Also remittances constituted more than half of foreign exchange earnings, for example in Ghana, Somalia, Lesotho (Anyanwu et al., 2011). Remittances also contribute to improved living standards, education and health, human financial and social capital in Tanzania, Ghana, India, and Lesotho (Mohapatra et al., 2011; Mercer et al., 2009; de Haas, 2008). Approximately 110 million African diaspora are the driving force behind this phenomenon working

outside their countries of origin to improve economic and social conditions back home (Davies, 2012; World Bank, 2013b). See chapter 3 –Migration, diaspora and development.

### **1.10 Why Study Tanzanian Diaspora and inflow Remittances?**

Despite the global economic crisis that started in 2008, there are growing interests and literature on diaspora remittances examined the impact of remittances from both micro and macro prospective (e.g. Gibson and McKenzie 2014a; Hansen, 2012; Ratha et al., 2012; Shah, 2011; Maimbo et al., 2005). The micro-perspective treats remittances as an household issue. The empirical literature on the micro-perspective (e.g. Orozco, 2013; McKenzie et al., 2014; Carling, 2008; Lucas and Stack 1985) examines patterns of remittances and the motivations for remitting as well as the impact these have on labour market participation and on family consumption. On the other hand, the macro-perspective literature (e.g. Gibson and McKenzie 2014a; Ratha et al., 2012; Chami et al., 2009) concentrates on how remittances respond to key variables such as stock market returns, exports, imports and on macro effects that remittances have in recipient countries (chapter 4, section 4.1).

Regardless of the perspective micro or macro, remittance flows from diaspora to their respective countries of origin are enormously important as a source of income in many developing countries. Remittances have proved to have important implications for poverty reduction (Ratha et al., 2012; Anyanwu et al., 2010; Hatibu,

2007a; Lucas and Stark, 1985), economic growth (Gibson and McKenzie 2014a; Popov, 2011; Mohapatra et al., 2011) and financial development (Orozco, 2013; Aggarwal et al., 2006; Stark, 2004). Literature (e.g. Mohapatra et al., 2011; Ambrosetti et al., 2011) also suggests that remittances are the second largest source of external finance for developing countries (e.g. Nigeria, Philippine) after Foreign Direct Investments (FDI) both in absolute terms and as a proportion of Gross Domestic Product (GDP). Relative to capital flows, remittances tend to be 'counter-cyclical' increasing during periods of economic downturns and natural disasters in recipient countries (Ratha, et al., 2011).

Tanzania has experienced a significant growth of remittance inflows recent years. Migration from Tanzania has increased rapidly since 2010, leading to an increase of the Tanzanian diaspora around the world. It has put Tanzania on a firm footing in remittance earnings ahead of other neighbouring countries such as Rwanda Burundi, and Uganda. In 2014 the estimated figure grew to around US\$ 27 million, compared to US\$ 11 million in 2005 (World Bank, 2015). The country's socio-political changes that took place since independence to present have been the main reasons behind this phenomenon.

Tanzania was colonised by Arabs, German and British. The country attained political independence in 1961. As a result of the colonial legacy, and despite the great complexity and variety in the economy of this country, to-date, Tanzania is still characterised by externally export-oriented economies whose principal feature is their horizontal integration into the world capitalist system (Ngowi, 2011; Shivji 2009b) (Chapter 2, section 2.3).

After independence in 1961, Tanzania as a socialist country (Ujamaa policy – see chapter 2, section 2.3 – 2.4) under the first president Mr Julius Kambarage Nyerere, international migration was restricted. The small number of Tanzanian diaspora were either seen as a challenge to the peace of the nation state or, if not, largely ignored and restricted their influence on their home country's social, political and economic development (Hansen, 2012; Hatibu 2007a). However, after the collapse of socialism ('Ujamaa policy' – see chapter 2, section 2.5) in the late 1980s, which marked the end of the Nyerere presidential period, the country was left with a very weak economy, but with stable social welfare. With free education for all, free medical services, and great equality and unity among the Tanzanian citizens.

After the Nyerere period (1961-1985), in early 1990's Tanzania, under the second President Ali Hassan Mwinyi, took a different approach away from socialism, adopted a multiparty political system and agreed to sign Structural Adjustment Programmes (SAPs) in order to rejuvenate the country economy. SAPs under the aegis of the International Monetary Fund (IMF) enabled Tanzania's GDP to grow modestly, but Human Development Indexes (HDI) fell and poverty levels remained the same or increased in most of Tanzanian communities. The most vulnerable sections (e.g. Health and education sectors) of the society have been dramatically affected by SAPs. For example, SAPs led to the deregulation of the labour markets, cuts in social welfare provision and declining expenditure on health and education (Rugumanu, 1997:33 cited in Shivji, 2009ab). To date, the country is still suffering from a poor economy and increased dependence on the western richest countries and United Nations aid agencies such as IMF and World Bank (Ngowi, 2011).

The SAPs policies of privatisation, marketization and commoditisation have seen the creation of a tiny section of the population wallowing in riches while leaving the majority of Tanzanians in poverty, misery and disease unprecedented in the history of the country (Shivji, 2009ab). For many, survival was a herculean problem which could only be confronted by extra-income generating activities be it in the urban areas or abroad

in the Western richest countries. This situation was intensified by poor governance and corruption which is still affecting the country. In the aftermath of this, migration has been the only option for many Tanzanians, especially for the young generation who found no employment opportunities in Tanzania. Consequently, this has contributed to the growing size of the Tanzanian diaspora in the western richest countries, e.g. United States of America (USA), United Kingdom (UK) and Canada.

Following such socio-economic reforms in 1990's (e.g. SAPs, and the introduction of a multi-party system) Tanzania has changed the way it relates to its citizens residing abroad (Ngowi, 2011). The Tanzanian government now considers their citizens who live outside the country ('the diaspora') as valued members of the nation, and as a vital source of financial and human capital that can spur socio-economic growth and help to reduce the severity of poverty in Tanzania society.

However, Tanzania is still in the very early phase of exploring ways in which it can benefit from its diaspora, and how to harness the diaspora efforts through remittances into the development of the country. It was not until 2005 that diaspora

national state development policies entered the political and public debate (Hansen, 2012).

To date, the formulation of diaspora and remittance policies are not based on the specific empirical or systematically recorded data about transnational practices of the Tanzanian diaspora, but rather, on general notions driven by a global discourse and research such as carried out by institutions (e.g. International Monetary Fund – IMF, World Bank) into the diaspora- remittances and development nexus carried in other developing countries or at regional level i.e. sub-Saharan Africa. Thus, the formulation of policies regarding diaspora, remittances and poverty reduction in Tanzania generally rests on information produced by key players including IMF, World Bank, and the International Organisation for Migration (IOM). This is not to say that migration, diaspora and remittances are new phenomena to the Tanzanian society, but a lack of research, that could shine a the light on what Tanzanian diaspora are doing to help to reduce poverty in their country of origin, and how remittances help to reduce poverty in Tanzania is one of the main reasons for this study.

In order to harness the Tanzanian diaspora's efforts and make remittances useful to the development of Tanzania, the formulation of policies, regulation and all kinds of strategies needs to be built based on the local knowledge about Tanzanian diaspora, their economic activities, remittances and actual usage of remittances by remittances receivers in Tanzania rather global or regional views. This may help to delineate the remittances flow and their local impacts in Tanzania.

It is this understanding of an under-researched development activity of the Tanzanian diaspora that this study intends to contribute to the discussion regarding the Tanzanian diaspora, remittances and poverty reduction in Tanzania.

### **1.11 Leicester a Location of Study**

This study is based on the diaspora located in Leicester, a medium-sized city in the East Midlands, UK, because this city is well known for its diverse population (figure 1.1). One of the striking features about Leicester is its strong East African presence (Tanzanians included). According to IOM, 2012 reports Leicester is one of the UK cities with the largest number of Tanzanian diaspora after London and Birmingham. The highest concentrations of Tanzanians in Leicester occur in St Mathews (Latimer ward), Highfields (Spinney Hill ward), Beaumont leys, Mowmacre Hill and Belgrave (figure 1.2).

Leicester city has a fruitful and diverse history and has become a centre of family migration with a migratory pattern of new and old migrants. Statistics relating to the diversity of its population speak for themselves. For example, figures from 2011 UK census- ethnic composition Leicester report, indicate that 42% of Leicester's population is from a black and minority ethnic background, the largest proportionately in the whole of England and Wales. Just over a third of its residents were born outside the UK. According to the 2011 UK census, 28% of the population in Leicester are of Indian heritage, with majority of them are from East Africa

(Tanzania included). They speak fluent Swahili, which is a national language in Tanzania and follow East African cultures. Hence, Leicester is an attractive place for Tanzanian migrants as they feel more comfortable and it is easier to integrate into the community.

In addition, the researcher decided to conduct the research in Leicester because as a member of the Tanzanian diaspora she has resided in Leicester for last 10 years. Undertaking research in Leicester, therefore, became a relatively feasible task despite the scattered nature of Tanzanian diaspora population in the UK.

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## 1.12 Thesis Structure

This study consists of nine chapters:

- Chapter one provides a short introduction, research questions, and background of the study, aim and objectives, methodology as well as the significance of the study. It also provides the definition of the concepts 'poverty', 'development' 'diaspora' and 'remittances'. Further, the chapter discusses why the Tanzanian diaspora and Leicester were chosen for study.
- Chapter two is about the location of study, social, economic, political and historical contexts of the Tanzania.
- Chapter three is about migration, diaspora and development. The chapter addresses the factors that lead to emigration of Tanzanians to the rest of the world.
- Chapter four is about remittances and their effects on the receiving countries with the focus on African countries in general, and in Tanzania in particular.
- Chapter five discusses the theoretical frameworks on remittance behaviour and motives to remit as presented in literature.
- Chapter six is about research methodology. It examines the research design, methods, and techniques used in this study.

- Chapter seven reports the findings on the actual and perceived impacts of remittance on poverty reduction in Tanzania, as reported by the Leicester-based Tanzanian diaspora (the remitters), remittances receivers in Tanzania (users), and the Tanzania government institutions and other officials.
- Chapter eight gives analysis and discussion of data generated from the three case studies (i) the Leicester-based Tanzanian diaspora, (ii) the remittance receivers in Tanzania, and (iii) the Tanzania government institutions and other officials.
- Chapter nine concludes by presenting the main findings from this study. It discusses the main factors that affecting the motives and remittance behaviour of the Leicester-based Tanzanian diaspora, and how remittances from Leicester affect poverty reduction and development in Tanzania as revealed from the findings of this study, as well as recommendations and suggestions for future research. This chapter is followed by reference list and appendices.

# Chapter 2

## CHAPTER 2

### TANZANIA: THE COUNTRY CONTEXT

#### 2.0 An overview

The United Republic of Tanzania is a large country with an area of approximately 945,087 square kilometres located in East of Africa, just south of the Equator (figure 2.1). The country population is about 47 million people (Tanzania Census, 2012).

The United Republic of Tanzania was formed as a sovereign state in 1964 through the union of the two separate states of Tanganyika and Zanzibar.

Tanganyika covers more than 98 percent of the combined territories' total area. The Mafia Island is the Easter part of Tanzania and administered from the mainland while Pemba and Unguja Islands form a semi-autonomous region of Zanzibar that is part of an official union with the republic of Tanzania (figure 2.1). The Zanzibar islands have a separate semi-autonomous government made up of a Revolutionary Council and a House of Representatives of Zanzibar.

The Tanzanian mainland is bounded by Uganda, Lake Victoria, and Kenya to the north, by the Indian Ocean to the east, by Mozambique, Lake Nyasa, Malawi, and Zambia to the south and southwest, and by Lake Tanganyika, Burundi, and Rwanda to the west (figure 2.1).

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## **2.1 Tanzania Natural Resources**

Tanzania is a country rich in natural resources, which include: the highest mountain in Africa, Kilimanjaro (5,895 m), with two permanently snow-capped peaks of Mawenzi and Kibo, the finest game sanctuaries of Serengeti, Tarangire, Mikumi, Ruaha, Selous and the Marine Park of Mafia Island are few examples (figure 2.2). Other spectacular scenery and archaeological sites include the Ngorongoro crater, the Olduvai Gorge, and the Pangani Rocks art and heritage sites.

The country is bounded by three great lakes - Lake Victoria, Lake Tanganyika and Lake Nyasa. Other small lakes include, Lake Manyara, Lake Eyasi, Lake Rukwa, Lake Natron and Great Ruaha are inland features which present the country in a most beautiful way (figure 2.3).

Tanzania is the fourth-largest gold producer in Africa behind South Africa, Mali, and Ghana, and in 2010 accounted for 2% of the world's gold output. Tanzanite is an exclusive product of the country. The country is also blessed with a gas field- the Songo-songo gas field located in the Lindi region of south-east Tanzania (figure 2.1).

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## **2.2 Tanzania Historical and Political Background**

The history of Tanzania is underpinned by the different socio-economic and political systems that prevailed from the pre-colonial period to the present day. Prior to independence, the country's socio-economic and political systems were characterised by a kinship system, slavery (slave trade) and colonialism (Mbogoni, 2012). Kinship system refers to a culture's system of recognized family roles and relationships that define the obligations, rights, and boundaries of interaction among the members of a self-recognizing group. Colonialism which went along side with slavery and the slave trade, is referred to as a direct control of political and economic affairs by one state over another. Slavery is a condition in which individuals are owned by others, who control where they live and the activity in which they work. On the other hand, the slave trade is process of procuring, transporting, and selling slaves, especially black Africans to the New World prior to the mid-19<sup>th</sup> century (Mbogoni, 2012).

Tanganyika was a German colony from 1880 to 1919, which after the World War I, under League of Nations, became a British mandate. Tanganyika served as a military outpost to its colonial masters during the World War II, providing munitions and soldiers. After World War II, in 1947, Tanganyika became a United Nations Trust Territory under British administration, a status it kept until its political independence in 1961. This took place through peaceful transition, under the Tanganyika African National Union (TANU) as a political party led by Tanganyika's first president Julius Kambarage Nyerere.

On the other hand, Zanzibar was colonized by the Portuguese from 1498 until early 1700's, when the Portuguese were ousted from Zanzibar by Oman Arabs. The

control of Zanzibar by Oman Arabs eventually came to an end in the British Empire as part of the political impetus for this was the 19<sup>th</sup> century movement for abolition of slave trade. Despite this there were still much influence from and dominance of Arabs over the people of Zanzibar. It was not, until 1963 when Arabs' autonomy was completely overthrown by the Zanzibar revolutionaries. In the same year, 1963, the revolutionaries also claimed full independence from Britain, which marked the end of the British protectorate (Mbogoni, 2012). The country gained her independence under the first president Sheik Abeid Amani Karume, the leader of the Afro-Shiraz Party (ASP).

In 1964 the Tanganyika African National Union (TANU), which had led Tanganyika to independence, and the Afro-Shiraz Party (ASP) of Zanzibar, merged to form one country – The Republic of Tanzania. This was followed by the birth of one political party 'Chama cha Mapinduzi' (CCM)- the Revolutionary Party in 1977. Following this union, by law Tanzania was a one-party state from 1977 to 1992, when the constitution was amended to establish a multiparty political process. Prior to the 1992 amendment, the CCM dominated all aspects of political life, and there was no clear separation of party and government personnel at regional or district levels. In 1995 Tanzania conducted its first multiparty general elections in more than 30 years for the office of president and for members of the parliament. Although more than a dozen opposition political movements were officially registered and participated in the elections, the CCM continued to control the Union government and its involvement in local government and other local affairs.

The attainment of independence and later the introduction of multiparty system brought with it significant changes of attitude toward rights and responsibilities of

Tanzanian citizens. However, in spite of the multiparty system, CCM has remained a ruling political party since the state's independence to present.

### **2.3 Colonialism to Ujamaa (Independency) in Tanzania**

Before the arrival of colonialists, Tanzanians were communitarians in their way of thinking and living and that they were members of a native community or a familyhood/ brotherhood, (Mbogoni, 2012). Generally, people in pre-colonial Tanzania were engaged in hunting and gathering, agriculture, mining and simple manufacturing, (Mbogoni, 2012).

During colonialism the main racial groups were Europeans, Arabs, Asians (Indians), and Black indigenous Tanzanians. These racial groups formed hierarchical divisions of labour. The native black Tanzanians were more exploited and treated as inferior, than any other racial groups; among other things their right to own land was taken from them by the white colonialists (the settlers), (Mbogoni, 2012). The majority of black people mainly worked as cheap labourers in the sisal and sugar plantations or served as house helpers to their colonial masters. Moreover, black people were not allowed to participate in religious activities or in any form of education, (Mbogoni, 2012). Asians also worked as cheap labourers but their jobs were relatively better than these in which black people worked. For example, there were employed as skilled craftsmen such as carpenters or sugar boilers; they were given some basic

education and skills to perform the jobs. The skilled jobs were also reserved for whites and the nature of the work was generally capital-intensive, (Mbogoni, 2012).

Therefore, the production system was based on a strict social hierarchal order and on skin colour. The white colonialists were at the top of the social-economic structure. Below them were people of the lighter-skin such as Asian and Arabs and the black indigenous people were at the bottom of the social order and usually they had the hardest work (Mbogoni, 2012).

As a result, colonial domination sows the seeds of racism in the Tanzanian society, as racial discrimination connoted the distinction between the high and low, superior and inferior, (Mbogoni, 2012).

Black Tanzanians within their tribes and ethnic groups organised nationalist resistance against colonial rule. For example the *Maji-Maji* uprising, was a major multi-ethnic nationalist violent resistance against the German colonial rule in Tanganyika.

In order to restrict the incidence of nationalist resistance against colonial rule, the colonialists (e.g. Germans) used a '*divide and rule*' strategy (i.e. a strategy of gaining and maintaining power by breaking up existing power structures of the society hence cause the people to become of less power due to disunity). The colonialists also used a semi-indirect rule, whereby ethnic chiefs were used to further their interests but stripped them of their traditional powers and in some instances changed their traditional names (Mbogoni, 2012). For instance, Mtemi of Nyamwezi, and the Mangi of the Chagga, all became Sultans and Commanders in Chief thus gnawing at

people's ethnic identification. This had the effect of diffusing ethnic belonging, because the leaders did not stem from the ethnic groups they led (Mbogoni, 2012).

Moreover, the colonialists discriminated against all black Tanzanians in favour of other ethnic groups such as European, Arabs and Asians, and accorded them political control of the colonial administration at all administrative levels over the Black indigenous people (Shivji, 2009b).

The colonialists also ensured that whatever was produced in the country was for their colonial-masters' interests. For example, people were forced to cultivate crops such as sisal, tobacco, and cotton, which were needed as raw materials for industries in Europe and America. This affected the country's traditional model of production and the country's economic growth in general.

In brief, the diffusion of tribal leadership and division of people in colonial era caused disunity among people in Tanzanian society. Thus, tribalism and ethnic conflicts became imminent characters of Tanzanian society (Mbogoni, 2012; Shivji, 2009b).

It is the prevalence of the attitude of individualism and selfishness in the society which led the first president of Tanzania, Mr. Julius K. Nyerere to think of future policies that would help to restore the spirit of co-operation and sharing which prevailed in Tanzania before the arrival of colonialism.

In meeting these challenges and with an intention to revive the country's socio-economic situation, soon after independence in 1961, president Nyerere postulated 'Ujamaa ideology' ('familyhood / brotherhood').

Nyerere (1967) refers 'Ujamaa' as an 'African Socialism' because it was rooted in traditional African values and had as its core the emphasis on communitarianism<sup>2</sup> of traditional African societies. Nyerere (1967), further argues that "the familyhood /brotherhood describes our socialism- and refers to the African-ness of the policies" (Nyerere, (1967:12), which were embedded in African culture and traditions. Nyerere made it clear that, 'Ujamaa' is not similar to doctrinaire socialism or rather a scientific socialism that exists industrialised countries. For example, Russian-Socialism, is mainly based on the ideas of Marxism which legitimises class conflicts between the proletariat and the bourgeoisie. Nyerere (1977) added that there was no such industrial base or legitimised class conflicts in Tanzania because the country was predominantly rural. The conflict in Tanzania was tribalism and ethnic division.

Nyerere, therefore, considered 'Ujamaa' -'African socialism' to be a form of socialism that seeks to build a happy society on the philosophy of inevitable conflict between man and man, and unite Tanzanian across ethnic and tribal groups (Nyerere 1977). In this sense, Nyerere (1977) argues that Ujamaa should be built up on classless traditional African societies. Nyerere claimed that: An "African man regards all men as his brethren – as members of his extended family" (Nyerere, 1977, pp. 11).

Nyerere (1977) argues that the modes of production, education and political system introduced into Tanzania by the colonialists were based on the assumption of a colonialist and capitalist society. It emphasized and encouraged the individualistic

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<sup>2</sup> system of social organization which emphasizes the responsibility of the individual to the community and the social importance of the family unit.

instincts of mankind, and it led to the possession of individual material wealth being the major criterion of social merit and worth, instead of cooperative and sharing instincts.

Nyerere, therefore, intended to establish 'Ujamaa' which was embedded in assumptions of co-operation and sharing, which he believed to be the instincts of pre-colonial Tanzanian society, and required all Tanzanians to reject capitalism and all its trimmings, (Nyerere 1967). This is the essence of Ujamaa, which is located in the history of the country, namely the slave trade and colonialism. In this sense, Ujamaa can be understood, as a result of Nyerere's historical awareness of the circumstances which prevailed in Tanzania before its independence in 1961 (Othman, 2010).

Ujamaa was founded on a philosophy of development that was based on three essentials - freedom, equality and unity (Nyerere, 1977). According to Nyerere (1967) there must be equality, because only on that basis will men work cooperatively. There must be freedom, because the individual is not served by society unless it is his. And there must be unity, because only when society is unified can its members live and work in peace, security and wellbeing. Therefore, to Nyerere it is the attitude of familyhood or brotherhood that is the litmus test and the essential condition, for the existence of Ujamaa in Tanzania.

Indeed, to date some Tanzanians are still holding this 'brotherhood' or 'familyhood' ideology and help each other (Othman, 2010).

### **2.3.1 The Critical Analysis of Ujamaa on Socio-economic Structures in Tanzania**

Nyerere used Ujamaa ideology as the basis for national development projects. Nyerere made an original contribution to progressive dialectics with his concept of Ujamaa as a basis for equitable economic production and distribution (Shivji, 2009a). Nyerere, then, popularised the idiom of 'Ujamaa na kujitegemea' (*African Socialism and Self-reliance*) as a non-exploitative ideologies (Shivji, 2009aa; Nyerere, 1977).

Ujamaa was, therefore, being implemented based on three main postulates namely;

- (i) Self-reliance,
- (ii) Ujamaa villagization, and
- (iii) Nationalization.

These three postulates rhetoric were tended to create the impression that Ujamaa was the long-sought panacea (Shivji, 2009aa), which would provide the solution to the manifold socio-economic problems of the post-colonial state in very short period (Agyepong, 2010a).

Through the idiom of 'Ujamaa na Kujitegemea', Nyerere intended to creation one nation of a Tanzanian rather than tribal identity through the use of Swahili as national language, as well as, an implementation of free and compulsory education for all Tanzanians in order to sensitize all Tanzanians to the principles of Ujamaa (Shivji, 2009a).

However, the challenge was how to extend traditional values to the modern postcolonial setting, i.e. the challenge was on the implementation process.

Generally, little realistic attempt was made to drive way the hard reality that Ujamaa, like any other path to economic transformation was fraught with its fair share of difficulties and limitations (Mbogoni, 2012; Ishemo, 2004). This, coupled with the fact that the implementation of Ujamaa was rather an idealistic approach, tended to create wide aspirational gaps between popular expectations and actual performance, because the country was too young to deal with hasty changes soon after independence (Shivji, 2009a).

Self- reliance was seen as a model for reviving the country's socio-economic situation through nationalization and Ujamaa villagization.

**Nationalism:** One of the objectives of nationalization was to ensure that domestic capital generated was available for use in the country by reducing the amount of capital exported out of the country and to ensure that Tanzania owned the major share and controlling power of production and services in all sectors (Shivji, 2009a). For example, nationalization of all banks and large industrial enterprises including large-scale agricultural processing industries and financial sectors. By the mid-1970's, 80% of the economy had come under the direct control of the state (Mbogoni, 2012; Shivji, 2009a).

Early indications from the operation of the newly nationalized sectors were quite positive. For example, by 1971, the Bank of Tanzania had so successfully diversified the country's foreign reserves away from the British pound sterling that it was able to

avoid a devaluation of the Tanzanian shilling in the wake of the British devaluation of the pound (Shivji, 2009a).

However, there were fundamental problems that became more evident as the nationalization process progressed. State control of the economy did not exactly appear to guarantee a more effective restructuring of the national economy towards the envisaged self-reliant model (Shivji, 2009a).

Additionally, the international response to Tanzania's nationalization and Ujamaa ideology in general was mixed. Some Western governments, particularly the Scandinavian countries such as Finland and Asian countries such as China, were impressed by the commitment to self-reliance and Ujamaa in general. Others (e.g. The UK and USA) however, were not so sympathetic. For example, three large Western owned banks Barclays, Standard, National and Grindleys banks completely withdrew their services in the country aimed at ensuring that public sector banking in Tanzania failed (Mbogoni, 2012; Shivji, 2009a). Rapid withdrawal of personnel and highly polemical statements apparently designed to destroy international confidence in Tanzania's export economy, followed in quick succession of the country's socio-economic stability (Shivji, 2009a). Their concern was to prevent the spread of bank nationalizations in Africa - a spread they justifiably feared would be inevitable if Tanzania's nationalized public sector banking and economic growth in general turned out to be a success. In brief there was no sign of support from any of the Western capitalist richest countries, World Bank, or IMF (Agyepong, 2010a)

Ujamaa (through its postulate- nationalization), sought an immediate break in all dependence on colonial rule and a decoupling of Western capitalist interests. Given the precarious state of the county's socio-economic situation after the independence,

its fragile domestic resource base, an almost stagnant growth rate in domestic production and an international commodity pricing system over which it had no control this was a tall order and an ill-informed approach to the strategy of decoupling with Western capitalist economies (Agyepong, 2010a; Shivji, 2009a, Ishemo, 2004).

**Ujamaa villagization:** The idea for Ujamaa villagization and collective agriculture was sound, as it was possible to provide equipment, facilities, and material for a rural population if they were brought together in 'nucleated' settlements, each of around 250 families. It made the distribution of fertilizer and seed easier, and it was possible to provide a good level of education to the population. Villagization also helped to overcome the problems of tribalism and facilitate the use of Swahili as a national language.

However, Ujamaa villagization was criticized for three main reasons:

- (a) It was not a sound economic policy with the focus on only small scale agriculture, whilst paying little attention on other sectors such industries and trade.
- (b) It was being an inward looking economic model with the potential to stifle enterprise because this policy basically putting up trade barriers and trying to make Tanzanian society self-sufficient with the intention of protecting domestic production from foreign competition.
- (c) It forced people to move out of their localities.

The failure of Ujamaa villagization can, therefore, appropriately be explained in terms of its operation. It did not seek a radical transformation of the existing colonial-oriented production structures (Mbogoni, 2012; Shivji, 2009a) i.e. did not fundamentally restructure the rural economic base.

Nevertheless, the villagization scheme, in spite of some of the failures associated with its implementation process, was a 'harbinger' of social welfare development (Ishemo, 2004). The Ujamaa villages were the most important units for the provision of social resources to the majority of the people. For example, under the policy of 'education for all', these villages became very important centres for the promotion of literacy among both adults and children. By the early 1980s, even in the face of economic difficulties, Tanzania had one of the highest literacy rates in Africa with every village boasting of at least a primary school, and 90 per cent of these villages had at least one village cooperative store while over 60 per cent had relatively easy access to safe water supply, and health centre or dispensary (Shivji, 2009a). Thus, villagization provided a bridge in the gulf between urban and rural dwellers by ensuring the latter's access to basic social amenities (Nyerere, 1977; Shivji, 2009a).

In the light of the above discussion, the arguments that the period of more two decades of Ujamaa (self-reliance, nationalization and Ujamaa villagization) neither helped to launch Tanzania into economic prosperity nor ensure its economic self-reliance is now hardly a matter for contention. What remains an issue of debate however is what broad interpretations can be made on the influence and legacy of Ujamaa as a development strategy (Ishemo, 2004).

One school of thought argues that the Ujamaa policies were unmitigated failures and that under Nyerere, Tanzania's economic progress was distorted. Thus concluded that Nyerere's idealism was detrimental to the country's socio-economic development. Many of these arguments were mainly located with onslaught of economists, especially focussing on economic production, goods, trading and public services from the standpoint of '*Laissez-faire*' capitalism and '*Trickle-down*' favoured by IMF and World Bank (Shivji, 2009a). The former referred to an economic system in which transactions between private parties are free from government interference such as tariffs and regulations. The latter referred to supply-side economists who characterize economic policies as favouring the wealthy or economic goods.

On the other hand, the proponents school of thought whilst conceding that the economic achievements of Ujamaa were quite modest, point to significant successes in social welfare terms such as the provision of health and educational facilities; a movement towards greater social equality in income distribution; the maintenance of political stability and the achievement of a substantial degree of harmony between the country's ethnic groups. It is thus contended that apart from the criterion of economic performance, it is necessary to examine the extent of social progress, which attended Nyerere's development strategy (Mbogoni, 2012; Ishemo, 2004). These are issues worth addressing in any appraisal of Ujamaa as a development strategy, because 'development' should not only be perceived on economic terms, but in all aspects of life including social and political aspects. (chapter 1, section 1.7).

In summary, in spite of the wide agreement on the failure of Nyerere's economic policies, several writers (e.g. Mbogoni, 2012; Shivji, 2009a, Ishemo, 2004) have

identified Tanzania's most notable national achievement as its ability to create a strong sense of national identity among Tanzanians and in the advances made in terms of social welfare. Few African countries have achieved the level of national unification that Tanzania did under the leadership of Nyerere (Shivji, 2009a). Whether these social and political gains of the Ujamaa policy really adequately compensate for its economic shortcomings is open to debate. What is important, however, is to recognize the need to transcend the emphasis on purely economic criteria in evaluating the legacy of Ujamaa (Shivji, 2009a). The relative political stability, which Tanzania - unlike most of her neighbours - enjoyed during the Nyerere years, is one that cannot be appreciated in economic terms. Indeed, the legacy of stability which Nyerere's policies promoted in Tanzania has helped the country to remain one of the most stable countries in Africa (Mbogoni, 2012; Shivji, 2009a).

In a nutshell, the achievements of Ujamaa can be summarized as follows: Tanzania under Nyerere made great strides in vital areas of social development, for instance, the provision of free social services like education, medical care and water.

- Ujamaa unified Tanzanians across tribes and ethnic lines.
- Ujamaa created a high literacy rate. The adult literacy rate rose from 17% in 1960 to 75% by 1975 much higher than in other African countries and it has continued to rise since to reach 90% now (2015) (Ministry of Finance, Poverty monitoring 14).
- Ujamaa halved infant mortality through access to medical facilities and education. Infant mortality was reduced from 138 per 1000 live births in 1965 to 110 in 1985, and now in 2015 it is 45 per 1000 live births. Life expectancy

at birth rose from 37 in 1960 to 52 in 1985, and now in 2015 the life expectancy is 65. Primary school enrolment was raised from 25% of age group in 1960 to 72% in 1985 despite the rapidly increasing population. This has risen to 92% in 2014 (Ministry of Finance, Poverty monitoring, 2014).

To-date, the life under Ujamaa is judged by many Tanzanians to have been good and life under capitalism as bad (Mbogoni, 2013). For many Tanzanians, Ujamaa ideology is still the standard measure, and the litmus test for judging whether a new ideology is positive or negative. It is in this sense that, while no longer dominant, Ujamaa still offers many Tanzanians the tools to evaluate and criticise the ruling ideology, and it influence the giving / altruistic concerns of the Tanzanians.

As discussed earlier in this chapter, the cons of Ujamaa were mainly noticed in the weakening of the country's economy. During Ujamaa (1960-1985) the national production decreased drastically casting serious doubt on the Ujamaa policies strategies' on ability to provide economic growth.

Notwithstanding, it worth mentioning that there was a number of factors contributed to the downfall of the development model based on the Ujamaa policies. Among them were the oil crisis of the 1970s, the onset of the war with Uganda in 1977, which bled the young Tanzanian nation of valuable resources and two successive droughts, the collapse of export commodity prices (particularly coffee and sisal), the collapse of the East Africa Community (i.e. regional intergovernmental organisation of the Kenya, Uganda, and Tanzania), a lack of foreign direct investment, which also

impacted significantly on the Tanzanian economy, and an obvious failure to incorporate into global economies (Mbogoni, 2012; Shvji, 2009).

## **2.4 Nyerere's Legacy and its Impact on Today's Tanzanian Society**

Nyerere's contributions to peace, stability and unification of Tanzanian society were unique and special. Although there has been a lot of debate regarding the failure of Ujamaa, yet, the question remains- How can a leader blamed for wrecking a country's economy, yet die a national hero? Whenever any aspect of modern African history is mentioned, Nyerere stands tall among his colleagues and peers in terms of the excellent work he did for his people. Agyepong, (2010) concludes that "Nyerere was not simply a player on the national terrain, he was a Pan-African and an internationalist—in thoughts, writings and, crucially, in his practice. A unique advocate, strategist and leader, Nyerere spoke out loud against injustices across the world". As an "avowed socialist, Nyerere never deviated from his humanist path. He was not a doctrinaire; he always sought the pragmatic option that favoured his people" (Agyepong, 2010a:120-122).

The death of Nyerere in 1999, evoked a flood of compliments worldwide. The praise argued that although Julius Nyerere's leadership somehow slowed Tanzania's economy, his personality and goodwill to serve the nation were still irresistible (Mbogoni, 2012; Shivji, 2009a).

Some writers (e.g. Shivji, 2009a; Omary, 2008; Pratt, 1999) while acknowledging some of the flaws of Ujamaa, argue that it was basically a sound attempt at avoiding the post-independence perils of inequality, elitism, and political instability in Africa. Thus, even today Tanzanians, have no doubt that for many years, “they had in their midst a leader of unquestionable integrity, who, whatever his policy errors, was profoundly committed to their welfare” (Agyepong, 2010a:121-122). They further argued that Nyerere did not fall back on the poor Tanzanians to mobilise resources for his people (Agyepong, 2010a), rather, Nyerere cultivated a unique and paradoxical relationship with the international community, which for two decades provided considerable resources for nation-building (Agyepong, 2010a). While the developed countries of the West (especially the UK and USA) afforded considerable aid to Tanzania, Nyerere could still persuade the Chinese to finance the Tanzania-Zambia railway line. In this regard, Nyerere’s nation-building effort deviated from the norm.

In summary, Nyerere’s efforts to rebuild Tanzanian society can be better understood if situated within the pervading concern with modernization and development in postcolonial Africa (Omary, 2008). In so doing, his efforts should not merely be evaluated in terms of the state political ideology or economic stability but more as a development paradigm constructed; just like other contemporary paradigms, on the visions and imagery of emancipation and modernization (Shivji, 2009a). It is from this perspective that the achievements and shortcomings, as well as the legacies of Ujamaa as a development tool, can be better understood, and the effort that Nyerere put in place can be recognized and appreciated.

## **2.5 The Country's Socio-economic Situation after Nyerere**

The move away from Ujamaa began in 1985, when Nyerere retired from the presidency and Mr Ali Hassan Mwinyi, the second president of Tanzania took the office. President Mwinyi took a different approach with the aim of reviving the country's economy. In early 1990, Tanzania had to change from a single political party hegemony to a multiparty state (Shivji, 2009a), and accept an offer of assistance from the International Monetary Fund (IMF). The country, therefore, had to take an alternative route in adopting Structural Adjustment Programmes<sup>3</sup> (SAPs). Generally, Structural Adjustment Programmes entailed the large-scale liquidation of the country's public sector and the deregulation of its financial and agricultural markets.

Transition from the Ujamaa (African socialism) to a liberalised (capitalism) economy through SAPs, Tanzanian adjustment policies passed through three phases. The first phase mainly focused on trade liberalization practices, while in the second phase foreign investment deregulations were emphasized and the third phase focused on establishing parastatal and civil service reforms, reducing the number of civil servants by closing down some state offices (Omary 2008; Kiondo 1995).

It has been frequently stated that SAPs have been biased in favour of the benefits of the exporters of the developed world (Omary, 2008; Rugumanu, 1997). Omary (2008), argues that an applications of SAPs policies designed by the IMF and the World Bank did not consider the real needs of Tanzanian society at all and entirely

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<sup>3</sup>SAPs- involves conditions from international organisation such as IMF and World Bank on how to run the economy. In particular ,SAPs consist of loans provided by the International Monetary Fund (IMF) and the World Bank (WB) to countries that experienced economic crises

undermined them. Trade liberalization policies, on the other hand, raise an extremely competitive environment for local industries and cause inequality within the Tanzanian society by spreading a consumerist social behaviour (Shivji, 2009a; Omary, 2008). The material basis of these policies is derived from the expansion of commodities and markets beyond national boundaries and incentives given to private bourgeoisie to expand their investments (Rugumanu, 1997). The most vulnerable sections of the society (e.g. health and education) have been dramatically affected by the deregulation of the labour markets, cuts in social welfare provision and declining expenditure on health and education (Omary, 2008).

Although SAPs under the aegis of the IMF enabled Tanzania's GDP to grow modestly, Human Development Indexes (HDI) fell and poverty levels remained the same or increased in most of Tanzanian communities, (Ministry of Finance, 2014).

In summary, For nearly 20 years of SAPs and other post-independence socio-economic and political reforms (e.g. Ujamaa policies) the country is still suffering from underdevelopment and increased dependence on the centre (i.e. western richest countries) because of its continued raw material exporter role in the international division of labour. It would appear that the only difference between the colonial political economy and the post-independence political economy of Tanzania is the external actors who have influential power over the Tanzanian economy. During the colonial period, the main external actors were the colonial powers, while since the 1990s to present, they have been replaced by international financial institutions (i.e. World Bank) and SAPs. That is why Hoogvelt (1997:171- in Omary 2008) rightly argued that 'even if the SAPs were not successful in improving the living standards of the masses in African countries, they were very successful in the

acceleration of the process of globalization. They helped to shift the resources of the continent more tightly into the service of the capitalist world system’.

The SAPs have had repercussions on both macro and micro economies and have severe socio-economic impacts on Tanzanian livelihoods. One significant effect of SAPs was the cutbacks in the public spending (e.g. health, housing, water and education) which naturally had severe implications for the poorest people. Currently dispensaries and hospitals are without drugs, rural water taps are dry, higher education is for the wealthy people, and three meals a day are for the high-salaried class (Mbogoni, 2012; REPOA, 2015).

Moreover, the cuts in government spending which were one of the conditions imposed by the SAPs, eventually led to drawbacks in the public sector, which imposed a further strain on poor rural people by the cutting down on spending on antipoverty measures. Thus, the distribution of resources within the Tanzanian society became even more uneven than before the application of the SAPs to the country (Shivji, 2009a). Hence, as the social security nets and the antipoverty measure have vanished, poor rural people have been forced to sustain themselves.

SAPs’ policies of privatization, marketization and commoditization have resulted in the creation of a tiny section of the population wallowing in riches while leaving the majority in poverty, misery and disease unprecedented in the history of Tanzania society (Mbogoni, 2012; Shivji, 2009a). For many, survival has been a herculean problem which can only be confronted by extra-income generating activities be it in

the urban areas or abroad- in the Western richest countries. In the aftermath of this, migration has been the only option for many Tanzanians, especially for the young generation who found no employment opportunities. As a result a large scale out-migration has occurred and the number of Tanzanian migrants has steadily increased to western richest countries, especially UK, USA, and Canada (Shivji, 2009a; Hatibu, 2007a).

## **2.6 Tanzania's Economy in Recent Years**

Tanzania is still a very poor country with a GDP per capita of approximately US\$232 (World Bank, 2015), ranking it among the lowest in the world but critically, it is one of the continent's most peaceful and politically stable countries (Mbogoni, 2012; Shivji, 2009a). However, despite high levels of poverty in Tanzania, the last two decades has produced a very tiny group of rich Tanzanians. This is due to globalization, as well as policies of privatisation, marketization and commoditisation introduced in Tanzania after collapse of Ujamaa (Mbogoni, 2012). Land ownership remains restrictive in Tanzania. Under the Land Act of 1999, all land in Tanzania belongs to the state, which means land conflict has been averted.

According to the Tanzania National Bureau of Statistics (2014a) agriculture dominates the economy, accounting for 70 percent of the Gross Domestic Product (GDP), followed by services (21 percent) and industry (9 percent). The majority of poorer Tanzanians (almost 70 %) are in rural areas and are employed in agriculture. Agriculture in Tanzania is characterized by smallholder farmers. Agriculture accounts

for three quarters of merchandise exports and represents a source of livelihood to about 80 percent of the population (REPOA, 2015). The majority of crops are not sold but consumed by the households. Only a small percentage of crops such as coffee, sisal, tobacco and cotton are exported, but generally most crops are retained for home consumption (REPOA, 2015).

Although agriculture is a backbone of the country's economy and agricultural income is arguably the main source of income for the poor, especially in rural areas, the majority of farmers who rely heavily on such income tend to be extremely poor. There are several factors behind this, for instance, agriculture is rain-fed and therefore dependence on unreliable and irregular weather conditions results in poor agricultural performance. Both crops and livestock are adversely affected by periodical droughts (REPOA, 2015).

In addition, the majority of farmers are still using hand-hoe or cattle-plough due to general poor technology. Lack of sophisticated agricultural equipment, fertilizers and pesticides are further concerns. The majority are smallholder farmers who rely mainly of hand-hoe, cattle-plough and the natural climate (REPOA, 2015).

Nevertheless, in the last decade, Tanzania has received wide recognition for steering its economy in the right direction, in terms of economic production and public spending (World Bank, 2014). However, despite this economic growth the improvement in economic growth is only noticeable in urban areas such as Dar es Salaam, Arusha, Kilimanjaro and it is only a tiny part of the population (less than 10%) who are getting richer and the majority are becoming poorer (Mbogoni, 2012).

According to the Tanzania House Budget Survey (2014), about 42.8% of mainland Tanzanians live below the basic needs poverty line, while 17.6% live below the food poverty line. The number of poor people has increased in recent years by 1.6 million, and the rate of unemployment has risen to about 12.4 million people in 2014 from 9.8 million in 2012.

The majority of poorer people are living in rural areas, comprising about 68% (from 74% in 2008) of the population, while 32% are in urban areas (from 26% in 2008). However, rural-to-urban migration is rapidly increasing due to unequal distribution of social services (i.e. better schools, medical care/hospital) and very slow economic growth in rural areas compared to urban areas.

Generally, the number of poor, particularly in rural areas, is still high. About 12 million people in the rural sector continue to live in poverty (Tanzania National Bureau of Statistics, 2014b). The nature and composition of economic growth has produced an uneven increase of welfare at the regional level. Household consumption and poverty improved faster in urban areas and inequality between the geographic regions is widening. Further, although there are emerging signs of increased participation of the poor in economic growth, outside of Dar es Salaam an important proportion of the population remains vulnerable to poverty unable to fulfil basic needs and they do not benefit from the economic prosperity of the country (Tanzania National Bureau of Statistics, 2014a).

In summary, Tanzania is one of the most peaceful in the world and full of natural resources; yet it is among the poorest countries in the world, almost 51% of the population living on less than a dollar per day (Ministry of Finance, Poverty monitoring, 2014). The current socio –economic situation in Tanzania has been influenced by historical epochs that the country has gone through from pre-colonial period to present.

The colonial period saw an increase in the exploitation of Tanzanian people and country's wealth (i.e. manpower, minerals and cash crops). The Industrial Revolution in Europe also fuelled an increase in demand for raw materials from Tanzania.

The post-independence period between 1961 and 1985 witnessed a stagnation of economic growth and poverty levels were increased especially when Ujamaa policies started to weaken in the 1970's and eventually collapsed in early 1980. During this time very few Tanzanians migrated to other parts of the world as a result of restrictions imposed by president Nyerere.

In modern, post Nyerere time, Tanzanians are now emigrating mainly for economic reasons to obtain work and enjoy a better standard of living in the developed countries, such as UK, USA and Canada.

The rate of unemployment is high, (73%) of the country's youth population are classified as unemployed (Ministry of Finance. Brief no: 1167/19, 2014). This has led to a high dependency ratio and put a strain on the utilization of natural resources and provision of social services. Emigration is thus seen as the only option for people to

earn higher incomes abroad and provide support to their families back home in the form of remittances.

## **2.7 Poverty in Tanzania**

Soon after independence in 1961, Tanzania declared war against three closely related evils – poverty, ignorance and disease. Extensive programs related to poverty eradication were initiated which included, programs to expand education, health services and water supply as well as improvement of physical infrastructure and development of agriculture and the economy as a whole. People have always been at the centre of the government's efforts in pursuit of poverty eradication. In spite of some implementation shortcomings, considerable achievements were made in improving human welfare in the first twenty years of independence (Shivji, 2009a).

In place of the strong national identity, ideology and policies (Ujamaa na kujitegemea- socialism *and* self-reliance) which most Tanzanians embraced in the 1960s and 1970s, the majority of young women and men were marginalized and they were denied independent access to land and other productive assets within their families and communities as well as a voice in terms of allocation of family resources and labour. As a result of this, many Tanzanians did not manage to utilize resources available in the country.

The collapse of Ujamaa (an African socialism) in late 1980's, was followed by an introduction of SAPs in early 1990's. The Tanzanian Government took different steps to address the issue of poverty, food security and development through various policies and strategies including the National Strategy for Growth and Reduction of Poverty (NSGRP)- (well known in its Swahili acronym as MKUKUTA- Mkakati wa Kukuza Uchumi na Kupunguza Umaskini Tanzania). This strategy involved the development of framework that forms part of Tanzania's efforts to deliver on its National Vision 2025. MKUKUTA focuses on the three outcomes:

- Growth and reduction of income poverty
- Improved quality of life and social well-being
- Governance and accountability.

According to a MKUKUTA report (2015) the following internal factors underlay the poverty situation in Tanzania:

Inequalities between the 'haves' and the 'have nots'. In the decade (2005-2015) there was a rapid growth of two worlds, one of the rich and one of the poor, with entirely different life chances in education, health, housing, employment and livelihoods. These inequalities are reinforced by government policies and strategies directly and indirectly, a good example being the 'quick wins' strategy adopted in several recent national budgets and in the Five Year Development Plan which argues that priority in resource allocations should go to more productive areas/sectors (urban areas) with the quickest return, under the assumption that the benefits will eventually trickle down to less advantaged areas (rural areas).

An increase of unemployment especially for youth is a major problem and source of further impoverishment in spite of relatively high GDP from 2012 to 2014; The lack of dignified employment alternatives has forced many children, youth and women and men to turn to pimping and prostitution as a last resort, or bar girl work, domestic work, and/or petty trade. All are highly vulnerable occupations to sexual abuse and the spread of human immunodeficiency virus (HIV) infection, involve a lack of self-respect, and growing insecurity.

In addition, Tanzanian women have limited access to employment opportunities in the formal sector. As a result, many have had to adopt survival strategies through the informal sector where many operate without support of extension services or credit. Many of the activities in the informal sector have increased the burden of women.

Tanzanian women are poorer than men despite the fact that women are among the major actors in productive activities. Of the total population, approximately 51.6% (2011) are women. They comprise about 54% of the economically active population in rural areas and are engaged in agriculture, producing almost 60% of all domestic food supplies and cash crops, and shouldering most domestic work. Despite their contribution to society, Tanzania women do not receive adequate remuneration for their work. Traditional and cultural barriers (i.e. the women's role in the household) still block women's access to and control of land and other property. Although women contribute most of the labour in productive activities, they have little access to the income generated as men continue to dominate decision making not only within the household level but even at national level. Only 2.8% of the Tanzanian women population are from elite groups, or better paid jobs (Mbogoni, 2012).

The problem of unemployment is associated with the decline of peasant agriculture and the shift of responsibility for provision of cash needs from men to women in many households and/or joint responsibility with contradictory outcomes for changes in gender relations. The report added that the Tanzania Government needs to recognize that there will be no reduction of poverty without the expansion of employment, which will be a result of expansion in agricultural production and increased labour productivity. The Government needs to analyse other causes, such as lack of viable and dignified employment, in order to develop realistic strategies to achieve full employment, especially for young people, who form the largest share of the labour force.

Health challenges: malaria, HIV, Tuberculosis (TB) and malnutrition have been a leading cause of morbidity and mortality in Tanzania for many years, accounting for over 60 per cent of overall outpatient attendances and 50 per cent of the national disease burden. Continued high HIV prevalence rates, high malnutrition rates with wasting and stunting of substantial numbers of children, high maternal and neonatal mortality rates are indicators of the crisis of reproduction for a large proportion of the population. The withdrawal of the state from the provision of free health services and other public services such as education – a major policy of structural adjustment has intensified the problem. In addition, lack of adequate social protection mechanisms to support, for example, the growing number of orphans, street children, landless beggars, unemployed and the elderly who are no longer able to provide for themselves and are increasing year after year. A vicious circle is created, in that, women and men intentionally bear as many children as possible in order to ensure

that some of their children survive and are able to care for them in old age, in the absence of viable social security.

In addition, hygiene and sanitation are other health challenges that lead to the death of many people as result of cholera and other disease. Inadequate clean and safe water supply is one of the basic indicators of human development. The study conducted by REPOA (2014a), Water and Sanitation Reports 2012-2014) indicated that water for the majority of Tanzania is not within easy reach. Only about 11% of households have water services at the door or inside their houses. About 38% percent have to walk up to 45 minutes in order to reach water sources, while about 27% of households spend up to 2 hours to get to a source of water. Woman, girls and children are the most adversely affected by lack of water because culturally and traditionally they have the role of fetching water. Lack of clean water and a full urbanization plan lead to other hygiene problems, such as poor drainage systems. The Government and NGO's need to conduct the massive full-scale educational campaigns about clean water and clean environment in order to significantly alleviate this problem.

High level of donor dependence: despite the wealth of natural and human resources in Tanzania, the country continues to have a high level of donor dependence for budget revenues. The Government has failed to properly exploit the resources available for the benefit of all Tanzanians, on an equitable and just basis. For example, between 2010 and 2014 the amount of money and wealth exported from Tanzania was much more than the amount of external finance coming to Tanzania through loans and grants. Capital flight consists of the commodities and profits

exported outside of Tanzania by foreign and local corporations because of inappropriate investment and taxation/royalty policies.

Corruption: the MKUKUTA (2015) report noted that the problem of country's revenue capital is more intensified by corruption especially within the Government sectors. This has led to major misappropriation of public revenue, the diversion of funds and/or projects to unplanned activities and the export of stolen funds abroad in offshore banks. Donor dependence is even more problematic at the present time, given the continued fiscal crisis as shown in EU currency and debt crises. There has been a fall in donor funding, delayed disbursements, and a tightening up of conditionalities, contrary to the earlier emphasis on country ownership.

The MKUKUTA (2015) report concluded that Tanzania has made some progress in reducing poverty. For instance, there has been a big improvement in primary and secondary education. Almost 91% of Tanzanians can access primary education, and the number of girls who attend secondary school increased from 21% in 2000 to 48% in 2005 and to 63% in 2014. There is huge success in reducing gender equality and a positive outcome on fighting diseases such as HIV, Tuberculosis, Malaria and malnutrition. However, the country is lagging on many other indicators, including most targets for eradicating extreme poverty and hunger, improving maternal health and forging a global partnership for development.

Presently, Tanzania needs to focus on development strategies and on accelerating economic growth, reducing poverty and improving the standards of living and social welfare, as well as governance and accountability. The report also recommended that the Government should take serious measures to address the development

disparity and especially between the country's urban and rural areas, and incorporate this in development strategies in order to ensure social services are equally distributed across the country. Rural poverty reduction strategies need to include policies on gender, infrastructure, land, microfinance (financial infrastructures), trade, water and cooperative development.

Further, there are some external factors that have limited the ability of the country to combat mass poverty. According to Mbogoni, (2012) and Adepoju (2008), these factors include the debt burden, and unequal exchange in international trade:

**Debt burden:** One of the major factors that contribute to perpetuate poverty is the debt burden which has continued to drain resources from poor countries to the rich countries. In Tanzania debt servicing is currently about 39 percent of the recurrent budget. This is so huge that it inhibits the Government ability to adequately provide social and public services.

**Unequal exchange in international trade:** This has limited the ability of developing countries to break out of the poverty cycle. The country has continued to rely on unprocessed agricultural commodities as the main export crops. But the prices of agricultural products in comparison to those of industrial products have remained unfavourable. This trade relationship has put a severe limit on the ability of the country to break out of the poverty cycle.

## **2.8 Characteristics of Urban and Rural Economy in Tanzania**

Presently, whilst the Tanzanian rural economy is still largely characterized by agricultural activities, pastoralism and small shops/ trades ; the urban economy (e.g. in cities like Dar es Salaam, Arusha, Mwanza and Kilimanjaro (Moshi), is mainly characterized small trades (petty trade) (figure 2.1).

Generally, since independence, and especially during Nyerere's ruling period, the economy was largely characterized by agricultural production, with very few (less than 2%) of Tanzanians were involved in trades/ business, Mbogoni (2012).

However, from 1990 onwards there has been the wave of significant rural-urban youth migration (REPOA, 2014b). The rural-urban migration increased at the time when, on the one hand, the rural populations were beginning to experience severe economic and social hardship resulting from the Structural Adjustment Programs (SAPs) adopted by the government in early 1990 at macro-level. On the other hand, the predominance of trade liberalization which promoted the growth of trade especially in cities like Dar es Salaam, Morogoro, Mwanza, Kilimanjaro (Moshi), and Arusha opened up chances for self-employment at its distribution end (Shivji, 2009a; Mbogoni, 2012). It was also at the time when there was more emphasis on urban based development which put emphasis on the market economy, privatization and private investment.

The significant rural-urban youth migration of the 1990s to the cities like Dar es Salaam, were predominantly male youths who engaged themselves in what has come to be known as the informal economy (Lofchie, 2014; Shivji, 2009a; Mbonile, 1995a). The particular form of informal economy they are engaged in is

conventionally referred to as *petty trading*, commonly known locally as '*wamachinga*' petty traders. Wamachinga (petty traders) roam about the streets selling a variety of items ranging from second hand clothes to new manufactured household supplies.

Youths involved in petty trades constitute a small sub-sector in the informal economy and they contributed a very small percent of tax if the Government made them pay. In facts, these petty traders could be the potential tax payers if they could be within the formal sectors. But, since they roam about, '*wamachinga*' are perceived as a threat to the tranquility and security of the streets and living neighbourhoods, their goods sometimes decoy for criminal intentions (Schulz, 1996). Petty traders have become very conspicuous, epitomizing all that, in the official perception, is bad about the economy (Shivji, 2009a; Schulz, 1996). They have swelled the ranks of potential cheap labourers.

As discussed below, it has been argued that (Shivji, 2009a; Schulz, 1996; Mbonile, 1995a) this dimension of the rural-urban youth migration problem is related to the government approach to development.

It would seem that the current policies of free market economy, trade liberalization, and private investment favour the growth of urban centers, with regard to investment, trade, infrastructure, social services and employment opportunities and has made it extremely difficult to access state resources in the rural areas. As a result of withdrawing government intervention in the rural economies, the predominant forms of accumulation are now concentrated in the cities /urban areas only. Over 75% of all

taxes collected in the country are collected in only 5 regions Dar es Salaam, Morogoro, Arusha, Mwanza, and Kilimanjaro (African Economic Outlook (AEO), 2015; Ngowi, 2011). Figure 2.4 and 2.5 depict the difference between urban and rural housing and living conditions in Tanzania.

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The developmental differences between urban and rural areas of Tanzania, suggest that the current wave of rural-urban migration and predominant petty traders are testimony to the failure of private initiative to stimulate rural development in Tanzania.

Poverty in Tanzania has been analysed by different political, socio-economical and research institutions/ organizations, such as MKUKUTA (Mkakati wa Kukuza Uchumi

na Kupunguza Umaskini Tanzania: National Strategy for Growth and Reduction of Poverty), REPOA (Research on Poverty Alleviation), IMF, and Bank of Tanzania (BoT). All studies and researches from these institutions/ organizations argued for the Tanzanian government to do more in order to overcome poverty. They also suggested that the Tanzanian Government should harness Tanzanians in the diaspora and co-operate with them as development partners. REPOA which carried out empirical research in association with BoT for example, recommended that as remittances from the diaspora are associated with greater human development outcomes across a number of areas such as health, education, and gender equality. The Government needs to do more to ensure that the technology for linking remittances directly to such services exists and to create conducive public policies which will allow a positive utilization of remittances from the diaspora. The government should also put in place sufficient incentives and mechanisms for migrants and their families to invest through remittances in capital-accumulation projects that benefit the whole economy (REPOA, 2013).

## **2.9 Conclusion**

Despite countless economic recovery programs that have been adopted by the Tanzania Government, the country has always been one of the weakest actors of the capitalist world system. The economic reform policies, which focused on trade liberalization, reproduced a colonial type of economic dependency instead of welfare. The benefits of the liberalization have not been felt by the majority of the Tanzanians. The majority of Tanzanians are still under the pressure of the negative

impacts of SAPs policies such as unfair opportunities, cuts to public expenditure and labour insecurity.

To date (2015), the level of poverty remains high in Tanzania with more than one-third of the population considered amongst poorest of the poor, living with less than 1\$ per day. Poverty dropped only marginally from 32.4 per cent in 2005 to 31.7 per cent in 2014 and the absolute number of the poor has increased by 1.9 million during the same period (Tanzanian Household Budget Survey, 2014). This is despite recording high rates of economic growth over the last five years, averaging 7 per cent per annum since 2010. High growth has not translated into a corresponding reduction in poverty as the economic growth has not been pro-poor. The underlying reasons are due to slow growth in the agricultural sector, on which the majority of the poor depend for a living. Agricultural growth is only at around 5 per cent, which is not high enough to raise the poor above the poverty line given the high population growth in rural areas (Ngowi, 2011). Employment opportunities in other sectors are also limited as growth has occurred in low-labour intensive sectors. Lack of proper infrastructure and access to basic services and markets also seem to have a detrimental effect on both urban and rural development. Worse still, lack of good governance and corruption do contribute immensely to the country's socio-economic problems. Thus, Emigration to the western richest countries has become the only option for many Tanzanians, as a way of providing support to their families back home in the form of remittances.

# Chapter 3

## CHAPTER THREE

### MIGRATION, DIASPORA AND DEVELOPMENT

#### 3.0 Introduction

Chapter three presents a discussion about the nexus between migration, diaspora and development. The chapter also provides the history of migrants and the movement of labour in Tanzania. It further explains the relationship between gender and out migration of Tanzanians. Finally, the chapter presents the discussion regarding the characteristics of the Tanzanian diaspora in the UK.

In order to understand the out migration of Tanzanians and the evolution of contemporary diaspora and development, it is also important to recall the rapidly changing global context and different migration patterns within which Tanzanians are moving. Despite the weak position of Tanzania within the globalized political economy, the Tanzanian migration processes are driven by the same broad forces of capitalism and globalization that shape migration in the rest of the world (Mbogoni, 2013; Mbonile, 1996).

Theoretically, the wealthier the country is, the higher the level of mobility among its population. To date, the levels of development in much of sub-Saharan Africa, and in Tanzania particularly, remain very low. This may suggest that it is not the poorest people who migrate especially for South-North migration i.e. migration from lesser developed countries (LDCs) to the richest countries e.g. from Africa to North West

Europe and America. As some literature (e.g. Mbogoni, 2013; Mercer et al., 2008; Hatibu, 2007a) demonstrates it is not always the poorest who migrate because of the costs and opportunities involved, but the less poor who reside in urban areas, because they have more means, such as social capital / contacts, and affordability of airfares.

South-south migration, is understood as migration from lesser developed countries (LDCs) to other LDCs, for example from Tanzania to Zambia or from Tanzania to India. South-South migration is arguably less remunerative due to the low level of economic conditions in almost all African and LDCs countries. It is mainly South-North migration, i.e. migration from Africa or other LCDs to developed countries that allows migrants to earn and accumulate substantially more wealth and stabilize incomes back home (Ratha et al., 2012; Mbogoni, 2013). This suggests that the extent to which migration enables migrants to engage in development of their home countries and improve their livelihoods depends critically on whether or not they migrated within the LDCs / i.e. Africa-‘the South–South migration’ or from Africa / LDCs to the developed richest countries of the world i.e. ‘ the South- North migration’.

However, it should be noted that regional migration (e.g. from Tanzania to Zambia) is generally less costly and therefore more accessible for the relatively poor than is intercontinental migration- South-North migration. It is therefore not surprising to find that migration to northern countries i.e. South-North migration also tends to exacerbate household inequalities, whereas regional migration i.e. South-South migration is associated with a reduction in inequality (Ratha et al., 2012; Mbogoni,

2013). This is because the latter may not enable households to diversify income and spread risks as widely as can South-North migration, but even modest income increases can make a huge difference to their livelihoods and substantially reduce poverty levels. In brief, it is possible that the South-South migration may have a much greater positive developmental impact on poor communities than north-south migration (Ratha et al., 2012).

Migrants from poor countries serve as a link between developed and developing countries, expanding the opportunities to access international financing, and facilitate networking. Optimistic views place an emphasis on remittances sent by the diaspora as a major benefit of migration. The remittances can be in form of money/ financial, materials/equipment and social (ideals, skills, experiences, and knowledge) remittances. This underscores the fact that the developmental effects of migration and diaspora activities are not limited to cash/financial remittances and investments, but also include important socio-cultural, political dimensions. Through such avenues as socio-cultural and political investments migrants can contribute to shaping a better societal climate in their countries of origin (Ambrosetti et al., 2011).

Despite the positive activities of migrants, the effects of migration on the development of the sending countries have received a lot of criticisms, and the nexus between the two remains inconclusive. The pessimistic views maintain that if remittances are the major benefit of migration from the point of view of the source countries, the loss of human resources i.e. highly skilled emigration or the so called 'brain drain' is the most serious consequence. The pessimists maintain that emigration from poor countries can imply a loss of public resources invested in their education, can reduce the sending country's productive capacity, and can worsen

the business environment, affecting education and health sectors, especially in small economies (Docquier et al.,2010).

However, as argued by Dustman *et al.*, (2010), return migration can lead to mitigation of the brain drain, if not a net —brain gain. When the migrants return, they have usually acquired skills that are needed in the sending community as manifested by a sizable wage-premium paid to the returned migrants. Furthermore, Stark (2004) and Ratha et al., 2012 suggest that the possibility of emigrating abroad increases the interest in and returns to higher education, which can also increase the total number of highly skilled in the home country. It has also been argued (e.g. Lucas, 2004a) that despite concerns about the detrimental effects of the brain drain on most of African economies, the shortage of skilled and professional workers in Africa is likely to stem from causes entirely unrelated to international migration such as fragmented labour markets and insufficient public financing (Lucas, 2004a).

Generally, the inconclusive results on the relationship between migration, diaspora, remittances and development seem to be largely due to the difficulty of separating the cause from the effects of these concepts (Tejada, 2012; Docquier et al., 2010).

### **3.1 Migration and Development Nexus**

In light of the above discussion, it is clear that migration is inherently linked to the notion of diaspora and development. Whether for economic and/ or other reasons, Tanzanians migrate from their country to the richest countries of the world in order to improve their own livelihood as well as to support the family back home (Hansen, 2012; Hatibu, 2007a).

Thus, on stressing the positive effects of migration, a lot of emphasis has been placed on the formation of diasporic communities and the impact of remittances sent by diaspora to their homelands.

There is a range of evidence about the positive impacts of migration on human development, through such avenues as increased household incomes as a result of remittances received from migrants (Anyanwu et al., 2010; Ratha, et al., 2012), improved access to education and health services and the empowerment of traditionally disadvantaged groups in particular women and children. (Ratha et al., 2012; Mercer at al., 2009; Lucas, 2004b).

Studies undertaken in Tanzania (e.g. Mbogoni, 2013; Hatibu, 2007a; Mercer at al., 2009) on migration, diaspora and remittances have revealed that types of developmental activities that Tanzania diaspora are involved with are similar to those of other diaspora from other developing countries. Tanzanian diaspora are involved in all types of activity including promoting receivers' social welfare, opening businesses, creating employment, as well as building infrastructure such as dispensaries, schools and water wells.

Though valuable such studies may be, they have been subject to criticism based on what has been defined as 'development'. It has been argued (e.g. by Mbogoni, 2012; Shivji, 2009a) that 'development' has been generally understood from a European or capitalist point of view, rather than as perceived and understood from the common man in the African social and cultural setting. African socio-cultural norms and customs and/or the associated forms of development have never been the serious

subject of inquiry when the effects of African diaspora's remittances and their effects on development of their countries are discussed. Rather, the analysis of 'development' of the diaspora's homelands has always been understood from a Euro-centric approach or capitalist form of development- i.e. development is equal to material and capital/ monetary exchange.

Such arguments have led to the growing recognition of the reciprocal relationship between migration, diaspora remittance and development aligned with the 'capability approach to human development' (Nussbaum, 2011). Inspired by the work of Sen (1999), the human capability approach understands development as the enlargement of people 'capabilities', defined as what they are able to do and be in life.

Sen (1999:384) offers a more comprehensive approach to development by conceiving it as the process of expanding the "*real freedoms*" that people enjoy (ibid). In order to operationalize these 'freedoms', Sen (1999) used the concept of human capability, which relates to the ability of human beings to lead lives they have, reasons to value and to enhance their substantive choices. The basic assumption here is that the expansion of human capabilities adds to the quality of people's lives. Sen (1999) maintains that in order to understand development, elements such as social well-being, poverty alleviation, income inequality, gender equality and universal access to primary education, health care and meaningful employment should all be considered.

Further, Sen (1999) argues that income growth itself should not be the litmus test for development theorists, but instead the question of whether the capabilities of people to control their own lives have expanded should be included. While acknowledging

that incomes can have a high potential to contribute to the expansion of the real freedoms people enjoy, Sen (1999) suggests that the relationship between income and human development is by no means direct or automatic. The income indicator alone is an inadequate indicator of the quality of people's lives. Sen (1999) further argues that "*freedom*" is central to the process of development" because there is the "*intrinsic*" importance of human freedoms as an objective of development, which has to be clearly distinguished from the obvious instrumental effectiveness of freedoms of different kinds in contributing to economic progress (Sen 1999:349-350). Thus, the value of such freedoms should not only be judged by a person's income-generating capacity, but should first and foremost be seen as the principal ends of development in themselves (Sen 1999).

The goals and the means of development are, therefore, to enhance peoples' intrinsic capacities (e.g. skills, knowledge, health, self-respect), as well as other opportunities (e.g. access to education, employment, or decision-making processes) that make them capable of shaping their own destiny (Sen, 1999: 341- 349).

Sen (1999) maintains that development should be seen as the expansion of human capabilities, not the maximization of utility or its proxy, money income.

Sen's (1999) arguments relate to Tanzania and its development in the sense that Tanzanian society has been built on ideology of Ujamaa na kujitegemea ('socialism and self-reliance). Nyerere advocated that to understand 'development', "it is particularly important for Tanzanians to understand the connection between 'freedom' and 'human capability', because our national policy of creating socialist society depends upon it" (Nyerere 1973:59 in Shivji, 2009a). Nyerere insisted that it

is only through the development of people rather than material things that people enjoy real freedom. Nyerere, thus, argued that – “the development of roads, buildings, agricultural production, money and so forth are regarded only as tools of development. ‘A new road extends a man’s freedom only if he travels upon it’ (Nyerere, 1973:59 – in Mbogoni, 2012).

The commitment to Ujamaa (African socialism) required participation of the people in the planning and decision-making processes of their own development (chapter 2). Therefore, like Sen’s (1999) arguments of what ‘development’ means, Nyerere’s wisdom on bringing development in Tanzania, also aimed to develop a particular quality of life and development which is people-centred, and to-date that is how ‘development’ is understood by many Tanzanians.

As far as Tanzanian society is concerned, ‘development’ is not confined exclusively to increasing economic production and productivity, but includes all-round development of the people in terms of their education, health, nutrition, housing, child care and the like, and, above all, the achievement of a particular quality of life which is people-centred rather than material-centred. Development in Tanzania is conceived in terms of a more equitable distribution of wealth, the absence of exploitation and enjoyment of ‘real freedom’ rather than in terms of gross national product alone.

In line with Sen’s (1999) capability approach, the arguments on the migration, diaspora and development nexus have been that human mobility generates a number of ‘capitals’ namely: social, financial, human and cultural capital (de Haas

2010; Sen, 2011). These capitals are the main resources, or assets, that diaspora or any long term migrants contribute in migration and development.

**Social capital:** has been explained as an ability of diasporas / migrants to generate social networks or rather social relations between host and home countries; these relations are usually being exploited for development, as they facilitate the flow of information, skills, financial resources, values, ideas and to engage in long-term welfare activities (de Haas, 2010; Putnam, 2000).

**Human capital:** beyond qualifications, human capital can include the occupation, interpersonal skills and self-confidence of the individual (Wescott et al., 2006:15). Migrants transfer skills, technology know-how, and knowledge ('social remittances') to the benefit of their home countries. Technology and skills transfers, links to professional networks and investment that help to create a better integration of the countries of origin into the global markets (de Haas, 2010).

**Cultural capital:** cultural capital includes social assets that promote social mobility beyond economic assets, for instance education, language, intellect, style of speech, dress/physical appearance acquisition of new values and ideas. Migrants may tap into this cultural capital, for instance by contributing to peace building and conflict resolution in their countries of origin (de Haas, 2010).

**Financial Capital:** Migrants' financial capital has received the most attention in particular over the last decade, partly because of the size of remittances received by developing countries and the potential embedded in diaspora savings for financial

markets, (Sen, 2011 World Bank, 2013b). Migration and development practitioners are interested in channelling these resources for development.

Sen's (1999) work and all the arguments above are relevant to this study because this thesis reflects similar perspective in understanding the concept of 'development'.

### **3.2 Emigration from Tanzania: Pre-colonial to Post -Independence**

Migration of people within and between countries in search of better lives has occurred all through human history and it is by no means a new phenomenon in Tanzania.

The studies of international migration of Tanzanian within and beyond Africa were, and still are, hampered by insufficient data (Mbogoni, 2012; Hatibu, 2007a). Thus, the few literature sources and data compilations are disappointingly lacking direct information and insights into the phenomenon. Although the situation has slightly improved recently in the last few years due to new strategies of diaspora-remittances and new strategies established in the country, generally, comprehensive data about emigration out of Tanzania to the richest countries of the world are still scarce, fragmented and unreliable. For the most part, they are largely based on estimates and vague calculations. Therefore, the extent of emigration from Tanzania to the rest of the world is mostly based on approximations (Mbogoni, 2012; Hatibu, 2007a).

Generally, the history of migrants and the movement of labour in Tanzania is intricately tied to the uneven development of the capitalist mode of production at the onset of colonization and capitalism. As Phizacklea and Miles (1980:30) rightly noted there is “no capitalism without migration”. Under both, German and British rule in Tanganyika and Arabs in the case of Zanzibar there were substantial flows of migrant workers within Africa as well as between colonies and colonial nations (Table 2.1).

Migration from Tanzania dates back to the 18<sup>th</sup> century and 19<sup>th</sup> Century when the country passed through periods of slavery, colonialism, capitalism, imperialism. Together with the impact of globalisation these historic movements shape today’s emigration processes of Tanzanians and the Tanzanian diaspora communities in different parts of the world.

Migration is therefore not linked to one particular factor but rather a combination of factors that cut across all sectors of society as opposed to a single age group, tribe or level of education (Mbogoni, 2012; Kiondo, 1995). The reasons for emigration can be attributed to a variety of factors both voluntary and involuntary. Some of the involuntary factors include slavery and the slave trade, forced labour immigration, natural disasters, famine, the Uganda-Tanzania war and religious group conflicts. On the other hand, voluntary factors include employment, trade, study, and marriage amongst others.

However, the emigration process was uncommon during the pre-colonial period. It was not until the invasion of white people, i.e. colonialism and division of African

countries borders that cross border emigration from Tanzanians started to take shape (Mbogoni, 2012).

As the history of a country can shape the present behaviour of migrant communities; it is, therefore, important to look at the literature regarding the migration in Tanzania in the global era and its linkage with development through the explanations of different historical epochs.

The slave trade thrived in both Tanganyika and Zanzibar in 18<sup>th</sup> to 19<sup>th</sup> centuries resulting in a massive exodus of people sold into slavery in the Middle East, Europe and the Americas (Mbogoni, 2012). This greatly affected the economic and social structure of the society as the most energetic, talented and productive people were taken away. Bagamoyo and Zanzibar were the main slave trade markets and shipping ports, Germans embarked on the construction of the railway lines from the interior parts of the country to the coastal regions, in order to ease the transfer of people and raw materials to the Middle East, Europe and the Americas (Shivji, 2009a). Some of the people shipped out of Tanzania as slaves were returned and resettled in countries like Liberia and Sierra Leone after the abolition of the Slave trade (*ibid*). However, a significant number of former slaves remained and integrated with the culture and ways of life of the host countries, and some of them established the link to their countries of origin but settled there as diasporic communities (Aman, 1980; Shivji, 2009a).

During the colonial period Tanzania in 19<sup>th</sup> century saw an increase in influence of Germans and British in most East African societies. The Imperial British East Africa

Company was established in the 1888 and took charge of trade and administration of all East African countries that were colonies of Britain (Shivji, 2009a; Nyerere 1997). Railway lines built during the slave trade era were used to open the territory of Tanganyika and Zanzibar to international trade, the exploitation of natural resources and the influence of European culture brought by missionaries mainly in the form of Western religions and education. Tanzanians who had received some elementary education were urged to travel overseas to pursue higher education in scholarship. Therefore, during the colonial period there was migration of Tanzanians who were most skilled and educated to the Middle East, Europe and the Americas.

The Industrial Revolution in Europe also fuelled a movement of people in Tanzania due to an increase in demand for raw materials from Africa (Shivji, 2009a; Hatibu, 2007a). Many people from Tanganyika and Zanzibar were taken to other colonies to work as cheap labourers on plantations which were introduced in order to provide a constant source of materials for industrial production in Europe. Some of the cash crops introduced in Tanzania at that time included sisal, tobacco, coffee, cotton, tea. Moreover, Tanzanians were generally strong bodied and hardworking and it was not surprising that when World War I (1914-1918) and World War II (1939-1945) came, many young people and men in particular from Tanzania and other parts of Africa were swiftly incorporated in the colonial armies (Mbogoni, 2013). This resulted in further movement of Tanzanian / African natives abroad to participate in the First and Second World Wars on the side of their colonial masters. Migration patterns also changed during the Post-World War I and II as the countries of Europe opened their doors to immigrants to help rebuild their economies. As a result, large numbers of

Tanzanians who worked as sailors and seamen decided to settle in European countries and served as cheap labourers.

The process of the movement of labour and migration changed and took a different shape when Tanzania gained its independence in 1961. Socialist policies restricted the movement of people across the borders. Therefore, most migratory movements were internal and rural-urban, favouring mobility and permanent migration to commercial poles like the coastal city of Dar es Salaam. The small stream of emigration consisted of labour migration to the copper-belt in Zambia and the Rand gold mines in South Africa as well as to the neighbouring countries of Kenya and Uganda.

As a result, the emigration of Tanzanians to the western richest countries remained small for few years after independence. However, as was the case in other African countries, after a few years, the Tanzanian economy suffered several shocks with severe destabilizing effects such as the oil crisis, the collapse of commodity prices (especial sisal and tobacco as a result of the introduction of synthetic fibres and anti-smoking campaigning), drought, the break-up of the East African Community and the Ugandan war. However, the number of Tanzanians in the western richest countries did not much increase until the mid-1980s after the country's economy had taken a complete downturn for the worse. This came particularly when Tanzania's socialist underpinnings began to weaken in the early 1980s, which marked the end of socialism in Tanzania. In the mid-1980's the Tanzanian government under a new presidency agreed to accept conditional loans from the International Monetary Fund (IMF) and implication of SAPs, which entailed a large-scale liquidation of its public

sector and the deregulation of its financial and agricultural markets (*ibid*). As a result of this, the gap between the poor and the rich people become intensified, with the majority of people languishing in poverty. The aftermath of this has been a large scale out-migration. Hence, the number of Tanzanian migrants steadily increased in the UK, USA, Canada, and in other rich western countries (Shivji, 2009a), as many people were able to migrate to find a better livelihood. Currently, over 100,000 Tanzanians are recorded as living in England and Wales (International Organisation for Migration, 2012).

### **3.2.1 Gender and Migration in Tanzania**

The migration of women independent of men, which is commonly referred as 'feminization of migration' is often linked to the 'feminization of poverty' because of an increasing impoverishment of women and children throughout most of developing countries.

Gayle et al., (2008), put forward the view that it is generally assumed that cross border migration, especially the 'South-North' migration is mainly for employment related reasons and traditionally, this has been related to the men's career, rather than the women's. However, in the contemporary labour market, with an increasing proportion of women working and more dual-earner couples, Gayle et al., (2008) express the view that it is increasingly plausible that women migrate for reasons related to the male partners' career.

Morrison et al., (2007) also note that, although the present share of women in the world's international migrant population is close to one half, there is still a striking lack of gender analysis in the literature on migration. They suggest that men and women exhibit important differences in the determinants of their decision to migrate, the amount of remittances they send back home and the allocation of these remittances across various expenditure categories.

Adepoju (2008) reports on the growing independent female migration and looks at it as a feminisation of migration. Adepoju (2008) argues that female migration occurs within and across national borders and is no longer displaying the dominant feature of associational mobility of the past, where women's mobility was associated with or induced by husband or other family member mobility. The rise in the level of education among women and liberalization of countries' economies have also contributed to self-initiated female mobility. As a result, in last few decades, women of sub-Saharan Africa are migrating in greater numbers and not merely as dependents or trailing spouses, but as independent migrants in their own right. While still in the minority relative to male migrants, they are today becoming a significant component of contemporary migration in the region (Adepoju, 2008).

Parallel to these changes in the gendering of international migration flows there is a growing global recognition of the scale and significance of migrant remittances. Cross-border migrants maintain personal, social and economic links that straddle international borders in various forms of transnational relationship and activity. These include significant flows of both money and goods (remittances), which have potential significant implications for both sending and receiving countries.

However, the migration processes inevitably have a darker side especially for many sub-Saharan African women. In the case of Tanzania, even though the position of women in Tanzanian society has significantly improved over the past decades in terms of increased labour force participation, improved educational attainments, and higher literacy rates, these improvements have not been paralleled by a positive change in women's overall living and working conditions. Many women are still striving to make ends meet, undergoing enormous sacrifices so as to create a better future for themselves and for their children. The situation is even more problematic in the predominantly agricultural rural areas of Tanzania where a high proportion of people, especially women live at the margin of poverty. This dramatic situation causes a high number of women to consider leaving their home region or country to look for greener pastures elsewhere for themselves and their family. Still, the dream of migration has never been an easy task for many of the women, due to their lower status in Tanzanian society. This is backed by Dustman et al., (2010) who argued that gender inequality can be a powerful factor leading to migration when women have economic, political and social expectations that cannot be realized in their country of origin. The participation of women in migration depends on the social roles of women, their autonomy and capacity to make decisions, their access to resources, and the existing gender stratification in countries of origin and destination.

Furthermore, as with any migrant, the migration outcomes for women in Tanzania vary depending on whether their movement is voluntary or forced, and on whether their presence in the receiving country is legal or not (Shivji, 2009a, Hatibu, 2007a).

Generally, questions of migration in Tanzania are embedded within family social structures, which determine who gets the opportunity to migrate, how far they go, and who, therefore, can move up economically within the family groups. As far as gender is concerned, emigration in Tanzania is often seen as gender-neutral because it deals with the processes of the movement of people. However, it is in fact gender related because the migration experience impacts differently on men and women, and on different groups of men and women in their processes of movement. Although men and women migrate for different reasons and follow different migration patterns, it is the gender-segregated labour markets as well as the sexual division of labour in the household that determines gender-selective migration flows and experiences (Mbogoni, 2013; Phalane, 2004). More than anything, a lack of employment opportunities and severe poverty for majority of Tanzanians, represent the major factors leading men and women to migrate to other countries. Migration is thereby seen by both men and women as a means of improving their living conditions and promoting their development.

Gender norms about the inappropriateness of women migrating autonomously, the constraining effects of their traditional family roles, and women's lack of social and economic independence, 'all hinder women's participation in migration and in the international labour market' (Dustman et al., 2005: 297). The migration of women is also limited by their lack of connections to social networks in the receiving countries that could provide better information and resources to make the move possible.

Like women in other parts of the world, Tanzanian women's economic participation has become more widespread and is also considered a fact of life as with other

global economic trends. Therefore, they migrate to work abroad in response to gender-specific labour demands of receiving countries. This reflects existing values, norms, stereotypes and hierarchies based on gender. Although laws regarding the admission of migrant workers are generally gender neutral, the demand for domestic workers, nurses, and entertainers focuses on the recruitment of migrant women. Moreover, in countries of origin as well, female labour supply is the result of gender norms and stereotypes that gear women to certain assumed traditionally female occupations (Dustman et al., 2003:13).

Although there are no systematic and accurate records of international migrations which focus on gender monitoring, anecdotal sources show that the proportion of Tanzanian women who are involved in international migration flows is increasing rapidly, accounting for almost half of the migratory population. Factors that shape the decision for females to emigrate include individual factors, family factors, societal factors and macro-factors, such as socio-economic differences between rural and urban areas (Hansen, 2012; Hatibu, 2007a). Individual factors of migration include gender-specific stages in the life-cycle, age, urban/rural origin, marital status, position and role in the family and educational status. Family factors include the size of the household and structure of the family, marital status and whether female is the head of the house. Societal factors include those community norms and cultural values that determine whether or not women can migrate.

### **3.2.2 Contemporary Migration**

In recent years, the situation has intensified and emigration has been fuelled by the forces of globalization where advances in communication and transportation technology have led the world economies to become more integrated and the movement of people across the border has been sharper than ever before (Hatibu, 2007a). Globalization has not brought many positive effects to Tanzanian society nor has it closed the gap between the rich and the poor. Inequality is even higher than at any time in Tanzania history (Mbogoni 2012). There is economic regression and no tangible progression. The majority of Tanzanians continue to leave due to economic hardship, poor living conditions and political mismanagement (Mbogoni 2012, Shivji, 2009a). The rate of unemployment is high for almost 43 % and over half of the population is under the age of 15 years (Mbogoni, 2012). This has led to a high dependency ratio and put a strain on utilization of natural resources and provision of social services. Tanzania also has one of the fastest growing populations, it is estimated that on average each woman bears 5-7 children during her child-bearing years. This increases the burden on households to provide basic needs such as food, shelter, health care, clothing and education. Together with the economic dislocation, social unrest and political oppression hundreds of Tanzanians were driven to migrate to rich Western countries with a hope of better lives. Many Tanzanians, especially young people and educated elites consider migration as a step forward to tackle economic problems. Economic factors have largely served as push factors for voluntary migration outside Africa. Thousands of professionals, especially scientists, academics and those in the medical fields have emigrated mainly to the UK, USA and other western countries (Shivji, 2009a).

These migrants often remit a sizeable portion of their increased earnings to families back home. Migrant remittances are ranked as the second largest source of inflows to Tanzania after direct foreign investment (World Bank, 2014).

Emigration is thus seen as a lifeline for people to earn higher incomes abroad and provide social support to their families back home in the form of remittances. The Tanzanian diaspora forms one of the largest East African communities in the UK. The majority of those recorded live in London, Birmingham, Leicester, Glasgow, Cardiff and other midland regions (IOM-2010).

Apart from economic hardship in Tanzania, there is also an ever growing demand for pursuing higher education abroad from Tanzanian nationals in a bid to become globally competitive and make progress in the field of knowledge and research. This has also triggered emigration from Tanzania to the western richest countries.

The growth in demand for skilled labour internationally has led to the introduction of immigration points-based system in many of the western countries including the U.K, Canada and Australia to attract more skilled people from all over the world to migrate and work in developed countries and has also attracted a large number of Tanzanians to move abroad, (Adepoju, (2008); Beegle et al., 2008).

Although there are no accurate statistics of the magnitude of possible brain drain affecting Tanzania, as Beegle et al., (2008) argued one of characteristic of the diaspora is that it is relatively well-educated Tanzanians who migrate. Professionals such as scientists, doctors and nurses constitute an ever growing 'drain' effect for

Tanzania as more skilled labour is lost than the country receives or produces (Begeele et al., 2008, Green 2003).

Moreover, the literature (Hansen, 2012; Hatibu, 2007a; Adepoju, 2008) has demonstrated that the majority of those who migrated are not the poorest of the poor but those from middle and higher class because they can afford the expenses of the long-distance migration (*ibid*). Currently, the emigration from Tanzania to the western world is largely involving graduates and highly skilled workers mainly from the richer families in Tanzania. This is due to the fact that people in the higher income bracket (or their children), generally a part of society with higher education and better livelihoods, are the ones that are able to afford expensive overseas migration and they are also more likely to obtain permission / visa to enter into the richest countries of the western world (Hansen, 2012; Hatibu, 2007a).

Additionally, Tanzania is a multicultural society (with ethnic minorities of Indian, Arabs and Chinese) and therefore Tanzanian nationals have positive attitudes towards interacting and integrating with other cultures (*ibid*). This has resulted in an increased and ever growing number of cross-cultural marriages. This phenomenon has also contributed to Tanzanian citizens migrating abroad to join their marriage partners and reunite with their families.

The result of these waves of movement has been the creation of a significant diaspora community of Tanzanians in the world's richest countries, such as UK, USA, Canada and many other European countries.

### 3.3 Characteristics of Tanzanian Diaspora in the UK

Currently there are more than 50 cultural, social, professional, and ethnic, welfare and political associations of Tanzanian diaspora in the UK, (Mbogoni, 2012). There are also quite a number of Tanzanian home town associations in the UK (e.g. Chagga – the North unity and Tanzanian coastal communities). However, many of these associations seem to be small and their reach is uncertain. UK-based Tanzanian diaspora organisations draw on a variety of interests; some are interest groups with a national catchment, such as business associations, others are associations of particular ethnic groups.

Moreover, as far as the characteristics of the Tanzanian diaspora in the UK are concerned, it is worth noting that some diaspora groups are more UK-oriented. The Swahili speaker in Leicester, for example, is an umbrella organisation for more than 20 affiliated Swahili speakers groups which provide information and advice for the Tanzanian and other Swahili speaker communities (e.g. Kenyan, Ugandan, Burundian) on benefits, employment, housing, immigration, education, and health and care services in the UK. The *Tanzanian-in-UK association* based in London also provides assistance and information to UK-based Tanzanian diaspora. Another active diaspora association is the *Tanzania Women's Association- UK (TAWA UK)* which is gender based and helps to give advice and information to UK-based Tanzanian women.

Beside these groups, there are also many activities within the UK Tanzanian diaspora for development and poverty reduction in Tanzania. The UK-based Tanzanian diaspora organisation in London in association with Tanzanian High

Commission in UK occasionally holds events in London to raise awareness of the role of diaspora and remittances in poverty reduction in Tanzania. Tanzanian diaspora are also engaged in development and poverty reduction through home town associations for example, *Chagga Tanzanian association*.

Business networks are also common among Tanzanian diaspora; these vary from small shops to big shipping companies. Some are well established, acting as long-standing ethnic chambers of commerce within a single country of settlement, while others are new and truly transnational, for example, *Amir Cargo and shipping, Uzuri stores, Serengeti Shipping co.*

Further, Tanzanian diaspora are also working together with the International Organization for Migration (IOM) on an outreach project designed to engage Tanzanians living in the UK. They aim to engage the Tanzanian diaspora and to create opportunities for the transfer of human, social and financial capital that could result in enhanced development, particularly in sectors such as education and health, and expanding private investment sector in Tanzania. The International Organization for Migration (IOM) project has also included the creation of a 'Migration Profile' to provide better understanding and knowledge of Tanzania's migration dynamics, especially in the UK population.

### **3.4 Conclusion**

To conclude this chapter, despite many different factors affecting the migration process, migration in Tanzania is still embedded within family social structures. Family structure is important in many ways, as it can determine who gets the opportunity to migrate, how far they go, and as a result, who can move up economically with the hope of a good return in the future, i.e. remittances. Furthermore, migration does not always result in the long-term dispersal of a people or the formation of diaspora (i.e. diasporic communities). Some migrants leave their home countries only temporarily, or assimilate into countries of settlement so completely that they lose their distinctive identity and ties to their homelands, so they remain as immigrants or second citizens in host countries. In addition, migration is assumed to be one of the benefits of development of the sending country, but in reality the relationship between the migration and development is far from linear.

# Chapter 4

## CHAPTER FOUR

### THE EFFECTS OF REMITTANCES ON RECEIVING COUNTRIES

#### 4.0 Introduction

This chapter examines the effects of remittances on the receiving countries, with particular focus on sub-Saharan Africa (Tanzania included). It further discusses literature on the channels of sending remittances and main constraints associated with sending and receiving remittances. The chapter also presents discussion about the position of Tanzania in the studies of remittances. It also provides the discussion regarding the recession and the flow of remittances to sub-Saharan Africa.

Literature on the effects of remittances in the receiving countries (e.g. Gibson and McKenzie 2014a; Ratha et al., 2012; Shah, 2011; Maimbo et al., 2005) cover the topic from both a micro and a macro perspective. The micro perspective treats remittances as a household issue. The empirical literature on the micro perspective (e.g. Orozco, 2013; McKenzie et al., 2014; Carling, 2008; Lucas and Stack, 1985) examines the patterns of remittances and the motivations for remitting as well as the impact these have on labour market participation and on family consumption. On the other hand, macro perspective literature (e.g. Gibson and McKenzie 2014a; Ratha et al., 2012; Chami et al., 2009) concentrates on how remittances respond to key the macro perspective variables such as stock market returns, exports, imports and on macro effects that remittances have in recipient countries.

Regardless of which perspective is taken (i.e. micro or macro), remittance flow from a diaspora to their respective countries of origin are enormously important as a source of income in many developing countries. Remittances prove to have important implications for poverty reduction (Ratha et al., 2012; Anyanwu et al., 2010; Hatibu, 2007a; Lucas and Stark, 1985), economic growth (Gibson and McKenzie 2014a; Popov, 2011; Mohapatra et al., 2011) and financial development (Orozco, 2013; Aggarwal et al., 2006; Stark, 2004). Literature (e.g. Mohapatra et al., 2011; Ambrosetti et al., 2011) suggests that remittances are the second largest source of external finance for many developing countries after Foreign Direct Investments (FDI) both in absolute terms and as a proportion of GDP. Relative to capital flows, remittances tend to be 'counter-cyclical' increasing during periods of economic downturns and natural disasters in recipient countries (Ratha, et al., 2011).

#### **4.1 The Effects of Remittances in Sub-Saharan Africa- including Tanzania**

Diaspora play an important role in sustaining livelihoods of the communities they left behind in many different ways (Shah, 2011). Literature (e.g. Orozco, 2013; Ratha et al., 2012; Mohapatra et al., 2011; Anyanwu et al., 2010) suggests that the major mechanism by which diaspora enhances development is through remittances. This is because remittances directly affect people's livelihoods as they flow directly into the hands of poor and the fact that they tend to be responsive when the demands arise

i.e. counter-cyclical (Ratha, et al., 2012). Remittances have become an important strand to the extent that they now constitute a major source of income, insurance and capital accumulation of many developing countries (Orozco, 2013). Through remittances, diaspora also contribute to development projects such as schools, health facilities and community infrastructure in their home countries. This suggests that very often remittances serve as an important source of both income and consumption smoothing strategies for vulnerable people and poor households.

Besides their economic roles through financial remittances, diaspora also play an important and positive role in the societal and political debates, reforming domestic policies (Orozco, 2013; Mercer, et al., 2009; Levitt, 2003) and the development of a civil society that contributes to shaping a better societal climate in countries of origin (Shah, 2011). This underscores the fact that the development effects of diaspora are not limited to financial remittances but also include important socio-cultural and political dimensions in '*social remittances*' (Levitt, 2003).

Remittances to sub-Saharan Africa and to Tanzania in particular have been noted to have significant positive impact on the development of the receiving societies. As Kapur (2010:17) rightly pointed that 'it is difficult to imagine any other mechanism for the transfer of so much capital to so many (and often poor) countries and to the benefit of so many of their citizens'. Jones (1998:25 - in Orozco, 2013) stated that there is probably no other more 'bottom-up' way of redistributing and enhancing welfare among populations in developing countries than these remittances.

Literature (e.g. Orozco, 2013; Mohapatra et al. 2011) suggests that remittance flows to developing countries surpass official development aid receipts in many poor countries. For example, for the period of 2008 to 2010 remittance flows to India surpassed other development aid (Mohapatra et al. 2011). Remittances also seem to have been rising strongly even in the face of weak economic performance in the host countries, for example, from \$116.0 billion in 2002 to 315 billion in 2011 (Ratha et al., 2012). Since this does not include social remittances and cash remittances sent through informal channels, the actual amount is often substantially higher than the official figures suggest. Remittances have proved to be less volatile, less pro-cyclical, and therefore a more reliable source of income than other capital flows to developing countries, such as foreign direct investment (FDI) and development aid (Ratha et al., 2012; Popov, 2011; Shah, 2011).

Remittances to sub-Saharan Africa (Tanzania included) appear to be a more effective instrument for income redistribution than large, bureaucratic development programmes or other international development aid. This is because remittances flow directly to the people in need and hence do not require a costly bureaucracy associated with the sending and receiving process. Remittances are also far less likely to be siphoned off into the pockets of corrupt government officials (Kapur, 2010). Therefore, remittances are freer from political barriers and controls than either products or other capital flows (Orozco, 2013; Kapur, 2010).

At community level, remittances help to sustain and enhance the lives of poor communities and help them to meet their basic needs such as food, clothes, rent, healthcare services, education costs, and for improvements in agriculture, irrigation

equipment such as tractors and fertilizers (Orozco, 2013; Mercer et al., 2008). Remittances are also used for investments such as in land, building houses, opening businesses, refurbishing homes etc (Mohapatra et al., 2011, Ratha et al., 2012).

On the basis of an analysis of a data set covering 33 African countries, Anyanwu et al., 2010 concluded that international migration and remittances significantly reduce the level, depth, and severity of poverty in the developing world. Remittances made have also contributed to the establishment of new social services, community physical infrastructures such as dispensaries, schools, roads and other community projects.

Therefore, remittances act as an insurance and safety net for relatively poor societies. Ratha et al., 2012; Ambrosetti, et al., 2011 and Adams and Page, 2005 have argued that although most remittances are not likely to flow to the poorest people, because only those who are less poor can afford long distance migration i.e. South-North migration, the remittances indirectly affect the lives of the wider community because of the multiplier effects of remittances on wages, the price of goods and employment.

At the national level, remittances increase foreign exchange earnings of the recipient countries, and in the process exert a positive impact on savings and investments of physical and human capital, thereby increasing consumption patterns of the people (Carling, 2014; Orozco, 2013, Aggarwal et al., 2011). Remittance receiving communities have benefited by engaging in new entrepreneurial activities which have, in turn, promoted economic growth (Ratha et al., 2012).

Studies on remittances to India (e.g. Jongwanish, (2007) and Ratha et al., (2011) have found that workers' remittances have had a great impact on poverty alleviation as they help to increase income and consumption by 11.7% and hence, this helped to increase domestic investment and human capital development at the household level.

In Burkina Farso, Lachaud (2011) found that remittances reduced poverty in the rural countryside by 7.2% and urban poverty by 3.2%.

Similarly, Kwankye, (2012) reached the same conclusion with respect to Ghana's poor households, where they found that remittances helped to smooth out household consumption as well as welfare by 7.9%.

Furthermore, other studies regarding remittances to Africa, such as that of Balde, (2011) and Anyanwu et al., (2010) using data from 33 African countries observed that the remittances sent by African diaspora from the developed world to their respective countries have been increasing progressively year on year despite the world economic crisis which started in early 2008. They noted that the role of diaspora's remittances which flow to Africa, though minimal compared to the flow to other regions such as the Middle East, Asia and Latin America and the Caribbean (table 4:1), has had an important impact on the continent in terms poverty reduction. One of the most telling impacts identified by their study is that international remittances have been less volatile and more reliable than the official Foreign Development Investment (FDI).

**Table 4.1: Remittance flows by region**

Regions	2009	2010	2011	2012	2013
	US\$ billion	US \$ billion	US \$ billion	US \$ billion	US \$ billion
East Asia and Pacific	79	95	106	107	414
Europe and Central Asia	32	32	38	38	43
Latin America and Caribbean	55	56	59	60	61
Middle-East and North Africa	34	40	43	47	49
South Asia	75	82	97	107	114
Sub-Saharan Africa	28	29	30	30	32

**Source:** World Bank, 2014 Brief 12. Accessed 09/04/2015.

Despite the positive views on the impact of remittances mentioned so far, the commonly held view that remittances are beneficial to receiving countries has been questioned by authors such as Galipo, 2011; Fayissa, 2008; and Chami et al., 2012. Galipo, (2011) for instance, argues that remittances have a negative impact such as through increasing inequality and dependency. Galipo (2011) also observed that remittances to Somalia contributed in increasing inequality within and between the communities. Chami et al.,(2005), using data for 113 developing countries found that remittances have a negative effect on economic growth and create inequality between the different geographical locations of the same country (e.g. the

Philippines) because the diaspora's remittances are not equally distributed across the country.

The pessimistic views also maintain that if remittances are the major benefits of migration from the point of view of the source countries, the loss of human resources—particularly highly skilled people i.e. 'brain drain'—is the most serious cost (Hoba and Marfouk, 2011; Mohamoud, 2005). There are also fiscal costs associated with the 'brain drain', in that the country of origin loses the tax revenue that these potential high-earners would have paid into the national economy (Hoba and Marfouk, 2011). However, the net developmental losses of the 'brain drain' are more difficult to estimate. For countries in crisis, such as Somalia, for example, the 'brain drain' is only one manifestation of a more general problem of an economy in free-fall (Galipo, 2011).

Many other countries that are experiencing high levels of skilled emigration are beginning to think in terms of labour and even skills export as a comparative advantage, and to think of ways to maximize its benefits (Ratha et al., 2011). For instance, the Philippines government educates some categories of professionals, such as nurses, with the explicit purpose of generating remittances from abroad. Diaspora have also played an important role as innovating and transnational operating entrepreneurs and investors in countries such as Mexico, Turkey and India.

In that sense, a 'brain drain' may be accompanied by a significant 'brain gain' (Docquier et al., 2011; Kanu, 2009). In the medium to long run, in particular, the departure of the highly skilled may have beneficial effects in the form of investments,

trade relations, new knowledge, innovations, attitudes and information. Moreover, there is some evidence (e.g. in India) that the prospect of moving abroad stimulates the incentive to study among those who stay behind (Ratha et al., 2011).

This is not to say that the impact of migration is always positive and that no brain drain occurs; but in a very general terms, there is very little doubt that voluntary migration from a poor to a rich country almost always benefits the individual diaspora who may easily find himself or herself earning in an hour what he or she earned in a day in the country of origin. The question is however, whether the benefits to individuals (and, commonly, their relatives left behind) aggregate to a general benefit and development of migrants' home country i.e. the whole society. Evidence in this area is contradictory and fragmentary. Much of the research and literature that present optimistic data of migration and development are based on micro studies and cannot demonstrate the validity of macro conclusions.

Therefore, despite the best efforts to bring a consensus in this area of diaspora, remittances and their effects on the receiving countries there are no accurate models for estimating or predicting the net socio-economic benefit of diaspora to development of their home countries. The net impact depends to a great extent on the balance between voluntary and forced migration, temporary versus permanent migration, and the balance between high-skill versus low-skill migration as well as the particular sectors or labour markets affected by emigration and the scale of remittances due to other factors. Therefore, in considering the effects of remittances on the receiving countries, it may be important to consider all factors around migration from that particular country. Some of these effects are summarised in Table 4.2.

**Table 4.2 Socio-economic effects of migration**

Positive Effects	Negative Effects
<ul style="list-style-type: none"> <li>▪ More job opportunities that are not available in the home countries.</li> <li>▪ May ease affect the domestic market of the supply of excess labour and reduce unemployment.</li> <li>▪ Inflow of remittances (that increase incomes and may lead to improved human development outcomes for recipients) and foreign exchange.</li> <li>▪ Technology, investments and venture capital from diaspora.</li> <li>▪ Can contribute to increased trade flows between sending and receiving countries.</li> <li>▪ Stimulus to investment in domestic education and individual human capital investments.</li> <li>▪ Increase local human capital, transfer of skills and links to foreign networks.</li> <li>▪ Charitable activities of diaspora can assist in relief and local community development.</li> </ul>	<p>Loss of highly skilled work force and reduced quality of essential services in sending countries.</p> <p>Reduced growth and productivity because of the lower stock of highly skilled workers and its externalities.</p> <p>Lower return from public investments in public education.</p> <p>Loss of fiscal revenue from taxation of workers.</p> <p>Remittances may cause inequality within the members of the same society.</p> <p>Inflationary potential of remittances, especially on real estate, in some areas.</p>

## 4.2 Determinants of Remittances

Ratha et al., 2012; Anyanwu et al., 2010; and Maimbo et al., 2005 all show that remittance flow essentially depends on the course and direction that the migratory process takes place. At the same time this depends on numerous factors in the countries of origin and in host countries. Diaspora remitting behaviour is, therefore, influenced by several factors including, but not limited to education, gender, duration of stay in host country, socio-economic status at the host country, as well as the household, income, and ethnicity (Ratha et al., 2012; Auriol and Demonsant, 2012).

While many studies (for example, Naufal, 2011; Maimbo et al., 2005; Briere et al., 2002; Durant et al., 1996) found that the propensity to remit is highest when migrants are in their middle age, married, migrated alone and left the family behind, the impact of other factors that influence remittance behaviour such as education, gender, and duration of stay in the host country may also be important.

Education is one of the most debatable remittances determining factors because the level of education is also linked with the cycle of socio-demographic and socio-economic characteristics of the migrant, (Fonchamnyo, 2012). Several studies (e.g. Bettin and Lucchetti, 2012; Fonchamnyo, 2012; McDonald and Valenzuela, 2012; Anyanwu et al., 2010; and Bollard et al., 2009) found that in sub-Saharan Africa and Philippine while education has a mixed effect on the propensity to remit, education is strongly and positively related to the amount remitted.

In particular, Fonchamnyo, (2012); argues that in case of sub-Saharan Africa the higher the level of education of the migrant, the higher the level of remittances

because the more the migrant attains in higher education the more likely they are to earn more than less educated people. Fonchamnyo, (2012) explained that although the education level of the migrant does not play a vital role under the altruistic and exchange motives as educated migrants have lower propensities to return, although education has a positive impact on remittances under the investment motive.

However, these findings have been contested by others, for example, Chen, (2012); Adams, (2008); Faini, (2007). These studies found that skilled or educated migrants remit less than unskilled migrants. In particular, Chen (2012) study in Singapore, found that since skilled migrants are more likely to bring their families with them and spend more time working abroad and investing in the host country, they tend to remit less than unskilled migrants, who usually, migrate alone, leaving their spouse and children in the country of origin.

Moreover, the level of education of the remittances receiver(s) may also affect the remittance behaviour of a diaspora. As McDonald and Valenzuela, (2012) explain the higher education levels of the household head may reflect better household resources and income opportunities and so less economic need from overseas income.

In the nutshell, on the one hand, some studies argue (e.g. McDonald and Valenzuela, 2012; Anyanwu et al., 2010; Bollard et al., 2009) that more educated migrants remit more, but on the other hand, studies have found that more educated migrants remit less because they have lower propensities to return to their origin country and they are likely to migrate with their families (Chen, 2012; Adams, 2008; Faini, 2007).

Gender as a determining factor of diaspora's remittance behaviour has been explained in literature for example, Karakaplan et al., 2012; Buvinic, 2009; Sorenson 2005, Lucas and Stark, 1985 based on the position and natural roles of women in society.

In Nicaragua, for example, Karakaplan et al., (2012) argue that gender influences who migrates, where, why, when and how a person migrate. Hence, this affects the amount and frequency of the remittances that they send back to their countries of origin. It may also affect how remittances are spent or invested, as well as potential or limitation for their contribution to local or national development of the diaspora's country, (Karakaplan et al., 2012; Orozco, 2006).

It has also been shown, for example by Bettin and Lucchetti, 2012; Buvinic, 2009; Martin, 2007; Pessar, 1999 show that gender is the most influential factor because it affects every aspect of migration, such as its determiners, patterns, processes, as well as the subjective personal experience of migrants in the host country. In this sense, gender affects the remittance determination of an individual migrant.

Some studies (e.g. Karakaplan et al, 2012; Pfau, 2008; Orozco, 2006) found males remit more than female migrants because usually earn more than females. Karakaplan et al, (2012) and Orozco (2006), in their studies in Nicaragua and Ghana respectively, found that gender wage differentials exist in host countries reflecting the nature of the jobs that most migrants are involved in. This also affects the diaspora remitting behaviour and brings a gender difference in remittance behaviour between female and male diaspora. Most female diaspora are frequently confined to low-skilled jobs such as care work, waitress and entertainment sectors. These

sectors are quite regularly characterized by poor working conditions and low pay (Buvinic, 2009).

However, there other studies (e.g. McDonald and Valenzuela, 2012; Martin, 2007; Sorenson, 2005) that point out that due to traditional gender roles, female diaspora are subject to particular pressure from their families to remit the largest part of their earnings to support their families back home. Moreover, the studies also found that female diaspora usually send remittances more regularly and for a longer period of time.

Sorenson, (2005), for example, argued that women are more attached to the family, or face greater expectations to fulfil obligations within the general framework of kinship. Hence, despite relatively low earnings compared to men, female diaspora are often more reliable source of remittances than male.

The length of stay in the host country, this is often related to the altruism motive. Literature (e.g. Ambrosetti et al., 2011, Mansoor and Quillin, 2006; Lucas, 2004a; Lucas and Stark, 1985) show that the longer a migrant stays in the host country, the weaker the ties to the home country and the lower the importance of altruism.

Ambrosetti et al., (2011) argues that the longer migrants stay abroad, the weaker are the bonds to the country of origin and the lower are the remittances.

Lucas (2004a) also mentioned that the longer diaspora lives in the destination country, the better chance they have to get a better paid job. Thus, they could (if they wish) remit more. Remittances may initially rise, then decline with the duration of

stay, which would suggest an optimal length of stay to maximise remittance flows, balancing greater earning power against diminishing attachment.

Consequently, remittances may decline with the length of residence in the host country as a result of a greater social distance between the migrant and their home country that leads the altruistic concern to decline through time, (Mansoor and Quillin, 2006; Lucas and Stark, 1985). De Voretz and Vadean, (2005), for example, point out that in Canada migrants' remittances decline as the duration of residence in the host country increases. This is usually so, if family reunification is allowed and a migrant lives with his/her family in the host country. However, De Voretz and Vadean (2005) warned that the remittance flow pattern may be different, if the migrant has left his/her family back home in the country of origin. Therefore, the length of stay in the host country may have a lesser effect on the amount sent if a person migrated alone. The same result has been found in studies of Eastern European countries (e.g. Poland and Romania) by Mansoor and Quillin (2006) and Western European countries (e.g. Germany) by Schäfer and Schrooten (2010).

The relationship between the length of study in the host country and remittance flow to a diaspora's country of origin has also been tested under a link maintenance theory. For example, Havolli (2009) in his study of determinants of remittances from Kosovo analysed remittance behaviour and suggested that distance between the home and host country and years since migration have a negative effect on intentions to return, and hence on remittances, as a result of weakening links. Consequently, the distance and the years spent away may lower the remittances sent to households in migrants countries of origin. This is because migrants may

establish their new social environment, which would decrease their intentions to return as well as weaken the links with their relatives in home country.

Length of stay has also been used to measure the risk level to the migrant, because after a longer stay the migrant generally knows the destination country better has a steadier job, and invests in the host country perhaps having a mortgage. This may also affect migrants' remitting behaviour.

In summary, the discussion above shows that in some cases the distance between the home and host country and years since migration have a negative effect on the flow of remittances, due to weakening social links between a diaspora and the family back home. This is because migrants may establish their new social environment, which would decrease their intentions to return as well as weaken the links with their relatives in home countries.

However, there are a few studies (e.g. Stark, 1991; Mahuteau et al., 2010), which suggest the contrary. Mahuteau et al., (2010), for example, argue that there is a potential for an increase in remittance flows as the duration of staying abroad increases. Mahuteau et al., 2010 adds that although this is in fact easy to apply in the case of temporary migration, it is same with longer-term migrants. It is possible to think that as time passes the fixed cost of settlement (e.g. home, car.) decreases and the experience and skills gained may lead migrants to earn more. These may be the factors that increase the ability of migrants who stay in host country for longer periods and to send more remittances to the family left behind. On the other hand, temporary migrants may also continue to remit more under the assumption that they still have strong ties with the household during the period spent abroad.

With reference to income, literature (e.g. Glytsos, 2002; Ratha, et al., 2011) also shows that the migrants' remittance flow is positively correlated to per capita income of the migrant as well as the receiver's income i.e. household income/wealth, (Maimbo et al., 2005). The relationship between income and diaspora remittance behaviour has been given particular attention in the literature because it is presumed to indicate the both altruism and self-interest motives in the migrant remittance behaviour. Some studies (Ratha et al., 2012; Lucas, 2004a) have argued that while lower-income households are more likely to receive more remittances based on altruistic concerns of the sender-migrant, for the higher-income household, migrants' remittance behaviour is consistent with self-interest.

According to Ambrosetti et al., (2011) and Lucas and Stark, (1985) a migrant can remit based on altruistic motives if their remittances increase with declines in family income at home, and the self-interest motives would be considered dominant if remittances were positively related with family income at home. Remittances should increase with migrant income (the migrant has more to share) and altruism decrease with recipient growth in income.

However, other studies (e.g. Massey and Basem, 1992; Itzigsohn, 2002) differ on this point. For example, Itzigsohn's (2002) comparative analysis of four Latin America countries found that household income had no significant effect on migrants' remittance behaviour.

Literature (e.g. Mahuteau et al., 2010; Clark and Drinkwater, 2007) shows that there is large variation in analysing remittance behaviour of migrants from different ethnic

backgrounds especially if the analysis is based on national origin. In a study of remittances from the United Kingdom, Clark and Drinkwater (2007), for example, found that the inter-ethnic differences in the raw data not only persisted when a variety of socio-economic controls were introduced, but even increased.

However, when ethnicity is taken as a single variable to analyse remittance behaviour of diaspora from the same country shows, little differences among the ethnic groups of the same country. Henry and Mohan (2003) in their studies regarding Ghanaian diaspora living in UK, and Bautista, (2009) study of Filipino Americans found that there were no differences in remittances behaviour which were based on ethnicity of diaspora from these countries. Cai, (2003) also found the same result in her study regarding Chinese diaspora.

### **4.3 Channels and Constraints of Sending and Receiving Remittances**

Remittance channels to sub-Saharan Africa (Tanzania included) are similar to those found in other regions, such as Asia and Middle East. These channels can be classified into two main categories: formal and informal channels. Formal channels include bank and non-bank financial institutions, such as money transfer operators (MOT), e.g. Western Union, MoneyGram and foreign exchange bureaus. Informal channels include personal transfer i.e. to carry oneself, sending through friends /

relatives or use of modelled methods such as *hawala*<sup>4</sup> services, which are commonly used in the East and South Asia region (Ratha, 2003, El-Qorchi, 2002). Each of these remittance channels has advantages and disadvantages, differing from others in accessibility, services, and costs.

Studies (e.g. Orozco, 2013; Ratha et al., 2012) show that fees attached to the services of sending and receiving remittance is one of the main constraints associated with formal channels (i.e. Banks, Money Transfer Organisations- MTOs). The average cost of sending a remittance from the western world to Africa is about 13 percent of its value (Ratha et al., 2012; Anyanwu et al., 2010). Although research is scarce on the costs of transfers to sub-Saharan Africa countries, and particularly to Tanzania, some general parameters are known. Costs vary by the amount remitted, service used, destination, and origin. They range from a low of 2% to about 20% of the value of remittance (Anyanwu et al., 2010).

Apart from costs, the interface of formal channel remittance services (e.g. banks, MTOs) with service points especially in the poor receiving countries is another constraint that affects the impact of remittances on the development of receiving countries. In many developing countries, formal channels weaken or break down beyond an initial arrival point (Anyanwu et al., 2010; Beegle et al., 2008). In the case of Tanzania, for example, only banks that are part of the SWIFT network or similar systems, or that have correspondent banks can receive international transfers (Bank of Tanzania (2014). This fact excludes postal banks (MoneyGram) except in cities

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<sup>4</sup> Also known as 'hundi', this is an informal value transfer system based on the performance and honour of a huge network of money brokers. Primarily located in the Middle East, North Africa, the Horn of Africa, and the Indian subcontinent. Transactions between brokers are done without promissory notes because the system is heavily based on trust.

such as in Dar es salaam, Moshi and Arusha. In some areas of Tanzania, e.g. districts such as Mwanga district in the Kilimanjaro region, postal banks can receive international transfers only as agents of Western Union. Where they have sprung up and are expanding, automated teller machines-ATM (cash machines) are often not yet integrated in many areas of Tanzania, not even in some urban areas such as Kigoma, Rukwa, (figure 2. 1).

Many areas both rural and urban have very limited banking services. Such constraints are costly to both senders and receivers. A recent report from BoT- (Remittances and Payment Systems Department) estimated that as much as 37% of the total value of a remittance of 10,000/= Tanzanian Shilling (Tsh.) to a recipient go toward costs of transfer (Bank of Tanzania (2014).

On the other hand, informal channels (e.g. private couriers, carrying in-person or through friends) are the most common methods of remittance transfer because arguably they are relatively cheap. They are however, not free from constraints. Informal channels are limited to domestic or intra-regional service areas and routes. The risk of loss in transport systems is higher especially when there is no record of the content or the value transferred and no liability on the part of the transporting company. Also, there is lack of safety and security due to theft and road robberies (Mahapatra et al. 2011; Anyanwu et al., 2010).

Needless to say, these constraints have been receiving attention from policy makers, researchers and academicians and have been discussed in literature. But sadly they remain relentless, especially in the poorest receiving countries such as Tanzania. Indeed, diaspora can potentially contribute to development through remittances, but

the specific socio-economic circumstances in both the sending and receiving countries determine the extent to which these potentials are exploited.

#### **4.4 Studies of Remittances to Tanzania**

Remittances to Tanzania stimulate the economy by increasing currency flows and consumer purchasing power (Hansen, 2012), and work toward poverty reduction strategies. However, the remittance contribution made by Tanzanian diaspora has often been overlooked, and been unaccredited by the government and international society and policy makers. This could be because Tanzania was not characterised by a strong tradition for international migration to the western richest countries (Shivji, 2009b). The records show that up to late 1980's (before the collapse of 'Ujamaa') there was only relatively small Tanzanian diaspora in the world estimated at round 200,000 people (World Bank 2005- cited in Hatibu, 2007a). This small scale may reflect that Tanzania is a peaceful country and a happy nation that has not generated any substantial outflow of refugees (Shivji, 2009a).

The emergence of remittances and the diaspora within the development fields in Tanzania reflect policy trends rather than local knowledge on how transnational flows of people, goods and capital currently affect Tanzanian society (*ibid*).

More than anything, remittances to Tanzania are characterized by a lack of systematic records, lack of knowledge and the inadequate state of literature on the flow of remittances to Tanzania. As for most of Sub-Saharan Africa, data on remittance flow to Tanzania is of low quality because of poor reporting of the financial institutions such as banks which exist mainly in urban areas. A widespread

practice of diaspora sending remittances via informal channels such as personal carrier or personal networks, friends/relatives, travellers is another reason for poor records of remittances (Hatibu, 2007b).

More than ongoing empirical phenomena of which there is only a limited knowledge, remittances to Tanzania are, nevertheless, an important resource with significant development effects for the receiving society (Mercer et al., 2008; Hatibu 2007a).

Whilst outward migration from Tanzania is a phenomenon that has generally been characterised by poor records, the general parameters are nevertheless known, and people seem to agree that international emigration from Tanzanian is increasingly affecting the country's economy, both in terms of remittances and brain drain (Hansen, 2012; Hatibu, 2007a).

In the last decade, both remittances and the diaspora contribution have caught the interest of Tanzanian academics, researchers and policy makers. For instance, in 2007, the Government of Tanzania launched 'Migration for Development in Tanzania' task force. Amongst other things, this task force works on developing mechanisms for identifying Tanzanians diaspora working abroad, monitoring and analysing the status of remittances and proposing better methods of tapping remittances into developmental activities, such as investments.

Estimated figures in the last few years (2010- 2013) show that almost 40% of international remittances to Tanzania are from Western Europe, especially, the UK, Sweden and Netherlands as these countries are the main destination of many Tanzanian migrants (Hansen, 2012; Hatibu, 2007a).

The level of remittances to Tanzania is probably much higher than official data indicates, as many transactions go unrecorded or unreported, in large part because financial systems and services are weak in much of Tanzania. That weakness creates obstacles for the efficient transfer of remittances through formal money transfer services and limits the potential of remittances for economic developmental activities, such as investment.

Studies on the diaspora-remittance-development nexus undertaken in Tanzania have revealed that the type of development work that Tanzanian diaspora are involved with is similar to that of other diaspora all over the world (Hansen, 2012; Beegle et al., 2008; Hatibu, 2007a). They carry out all types of undertakings including building infrastructure such as dispensaries, schools, water wells and information projects. For example, Mercer et al., (2008) and Hansen, (2012) found that remittances sent to Tanzania have increased the consumption of migrant households and generate multiplier effects. Mercer et al., (2008) and Hansen (2012) argue that although a large percentage of remittances are used for consumption, when the recipient families increase their household consumption on local goods and services that in turn benefits other members of the community through the increase in demand. Hence, multiplier effects help to stimulate local production. Studies in Tanzania have further shown that remittances help to promote social welfare services and assist various key stages of social life such, as births, bereavements, marriage, illness and baptism (Hatibu, 2007a).

All these positive activities apparently confirm that the Tanzanian diaspora are fully participating in the development of Tanzania but there is a need for understanding their perception of the impact of remittances on poverty reduction in Tanzania in order to harness the role played by remittances sent by Tanzanians diaspora in poverty reduction in Tanzanian society.

#### **4.5 Global Recession and Remittance flow to Sub-Saharan Africa**

There have been different reactions to the global financial crisis in relation to remittance flow to Sub-Saharan Africa. Some argue (eg. Popov, 2011) that the remittance flow to Sub-Saharan Africa has been affected by the global financial crisis or by its aftermath. Others, have however, argued that Sub-Saharan Africa, (Tanzania included) was not so much exposed to the international banking/ mortgages market and therefore has not been so badly affected by the crisis (Ratha et al., 2012; Shah, 2011). It is also suggested (e.g. Ratha et al., 2012) that although more than the 215 million African in diaspora are facing worsening employment prospects in some destination countries, particularly high-income USA, and Europe including the UK, France, and Spain, the support to families through remittances in their home countries has 'remained resilient' (Ratha et al., 2012). During the economic crisis which started in 2008, remittances continued to provide a steady source of foreign currency to developing countries' economies at a time when foreign

aid remained flat and foreign direct investment declined sharply, (Ratha, et al., 2012. Shah, 2011).

Ratha, et al., 2012 also observed that in 2009 there was widespread fear that remittances to developing countries would fall. The figures in table 4.1 show clearly that remittances are unexpectedly resilient during the crisis. Remittances to developing countries slight fall in 2009, but it quickly rebounded and in 2010, and continued to grow in developing countries (e.g. in Asia, and Latin America), and in the case of sub-Saharan Africa it reached \$32 billion in 2013 (table 4.1).

This argument is particularly true in the case of Tanzania, where remittance inflows reached \$619 million in 2014 compared to \$ 282 million in 2009, (table 4:3), although this is small compared to other East African countries such as Kenya.

**Table 4.3. International remittances transactions to Tanzania and Kenya - 2009 to 2014**

TANZANIA		KENYA
Period	Inward Transactions	Inward Transactions
	Volume(US \$ '000)	Volume(US \$ '000)
2009	282,558	573,643
2010	418,776	611,241
2011	504,739	609,156
2012	665,733	641,943
2013	676,087	891,129
2014	619,343	1,170,892

**Source:** Bank of Tanzania (BoT) report 15.

**Source:** Central Bank of Kenya (CBK) report 219.

However, because the significant amount of remittances transfers to Tanzania are through informal channels, it is impossible to track the actual amounts received and their impacts on poverty reduction, (Bank of Tanzania (BoT) report 15).

Apart from the weak economic integration of Africa to the rest of the world, other reasons why there has been relatively little change in remittance flows to sub-Saharan Africa despite of the global economic crisis include the fact that remittances are often the reason why people migrate. So when diaspora incomes were impacted by the crisis, they tried to cut consumption in order continue saving and to maintain remittance flows home (Ratha et al., 2012, Shah, 2011, Naudé et al., 2010).

Other reasons mentioned by many authors (e.g. Naudé et al., 2010. Ratha et al., 2012, Shah, 2011,) were that due to the crisis, major diaspora host countries such as USA and UK have tightened visa rules and border controls. Hence, people who were already working in these countries did not want to return, possibly due to the fear that they would not be able to come back again and/ or they may face more economic challenges in their countries of origin. So, the total number of diaspora that sent remittances home stayed constant or even continued to increase, and there was a strong persistence in remittance flows to some of developing countries, such as to Tanzania.

This resilience of remittances is significant because in the past the literature has shown that diaspora tend to send more remittances during a crisis in the remittance-receiving country- a 'counter-cyclic' phenomenon (Maimbo et al., 2005. Chami et al., 2005). Now the world is seeing a new trend, i.e. the resilience and stability of

remittances even during a crisis in remittance-source countries. This is an interesting contrast with the cyclicity of foreign direct investment or aid flows, because of fiscal difficulties in the donor countries. Remittances are, therefore, important source of development funding to less developed countries, such as Tanzania, and they become even more important during a crisis regardless of whether the crisis happens in the donor/host or receiving countries. Remitters normally adjust their life styles to increase their savings in order to continue to remit.

Nonetheless, the argument presented above does not mean that the global crisis has not affected remittance flows in the rest of the world. Latin America, for example, whose migrants are concentrated in the United States, suffered a dramatic decline in remittances throughout the financial crisis. In particular, Mexico, the world's third largest recipient of remittances saw a significant decline in remittance inflows from the United States during the crisis (\$24 billion in 2011, from \$ 79 billion in 2007). These figures underline the fact that many Latin American countries were vulnerable to the effects of crisis (Shah, 2011).

In summary, new and evolving literature shows that remittances from diaspora play an important role in poverty reduction of many developing countries, far more than official development assistance. As literature (e.g. Ratha et al., 2012; Mohapatra et al., 2011; Anyanwu, 2010) suggests despite the few negative effects of remittances (e.g. causing inequality within home society), poor households receiving remittances tend to have better living conditions than their counterparts who do not have access to remittances.

## 4.6 Conclusion

In recent years, there has been a growing interest in the subject of migration in Tanzania, not only on issues of scale, structure and regional trends, but more so on the socio-economic impact of diaspora's remittances. With regard to the economic consequences of migration a lot of emphasis has been placed on remittances. This is understandable for two main reasons. First, remittances have emerged as a major source of external development finance in recent years (Hansen, 2012). Given their large size, the Tanzanian government and host countries have focused attention on both the development impact of remittances and on regulatory issues of sender and receiver markets. Second, remittances affect positively people's livelihoods to the extent that they now constitute a major source of income, insurance and capital accumulation (Hansen, 2012; Hatibu, 2007a). This being the case, direct and indirect linkages unfolds between migration and poverty reduction strategies. These linkages become of interest to policy makers, academics and development practitioners in Tanzania and Africa in general. This is more so when one views remittances as private financial aid that flows directly into the hands of households and the fact that they tend to be 'counter-cyclical' (Ratha, 2003). This suggests that very often remittances serve as an important source of both income and consumption smoothing strategies for vulnerable poor households.

Thus, the impact of remittances on the development of recipient countries depends on the general development constraints of both sending and receiving countries. In the case of Tanzania, remittances seem to have a less positive impact on recipients and the nation at large compared to other developing countries such as China or the

Philippines for example. This is because of development constraints such as bad infrastructure for sending remittances, corruption, and lack of macroeconomic stability, the absence of appropriate public policies, market failures, and difficult access to international markets due to trade barriers, a lack of legal security and/or a lack of trust in government institutions.

On the other hand, tight immigration policies and the economic crisis in most of the host countries (e.g. in the UK) have also affected the general impact of remittances on the receiving countries (Mohapatra et al., 2011).

Generally, these constraints in the sending and receiving countries are all likely to play a role that may prevent the diaspora from taking the risk of investing socially, politically and financially in their countries of origin and lower their incentive to return and circulate (Rahier, 2010; Shah, 2011).

# Chapter 5

# CHAPTER FIVE

## THEORETICAL FRAMEWORK

### 5.0 Introduction

This chapter is about the theoretical framework relevant to this study. As the focus of this study is on diaspora, remittances, poverty reduction, and development the theoretical framework will, therefore, critically discuss following theories relating to:

- (i) Migration and development,
- (ii) Motives to remit,
- (iii) Causes of poverty.

The chapter will also discuss the underlying-causes of poverty specifically in Tanzanian society (structural failures vs. individuals' deficiencies) by exploring how country policies such as Ujamaa (African Socialism) and Structural Adjustment Programs-SAPs (Capitalism) may mitigate or reduce poverty in Tanzania. This is important because, normally a country's policies and general poverty level in the country tend to influence migration decisions, and shape diaspora's remittance behaviour and the developmental effects of remittances in the diaspora's country of origin.

## 5.1 Theoretical Overview of Migration, Remittances, and Development

As discussed in previous chapters diaspora and remittances are clearly linked with the migration process. For that reason, the theoretical approaches that explain the impacts of diaspora remittances on poverty reduction and development in diaspora's country of origin are largely based on the evolution of theories of migration that explain the patterns, dynamics and reasons for the migratory process (Clemens, 2011).

In particular, the broader theoretical perspective on migration and development has been divided into two opposed perspectives:

Firstly, there is the optimistic perspective, which affiliated with the *functionalist* migration theories<sup>5</sup> such as neo-classical theory (Clemens, 2011). Followers of this perspective believe that migration has a positive impact on diaspora's countries of origin.

Secondly the pessimistic perspective, which is mainly inspired by *structuralist* migration theories<sup>6</sup> that encompass theories such as Marxism, dependency and world systems theories (de Haas, 2010). From this perspective migration is seen to increase economic deprivation in diaspora's countries of origin. Table 5.1 depict the variance views of the optimists and pessimistic perspectives

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<sup>5</sup> Functionalism views migration as involving individual, rational actors, who have had a free choice to migrate (de Haas, 2010).

<sup>6</sup> Structuralism argues that migration is not a free individual choice rather it is a forced individual decision arising from lack of alternatives in the local community level (Clemens, 2012).

**Table 5.1: Contrasting views on migration and development in diaspora's countries of origin.**

Functionalist Perspective		Structuralist Perspective
<i>Neo-classical migration theory views</i>		<i>Marxist, Dependency and World System migration theories views</i>
Migration seen as free individual choice basis of a cost-benefit calculation		Migration perceived as a forced individual decision arising out of lack of opportunities in the country.
Individual independence		Mutual interdependence
Brain gain		Brain drain
More equality		More inequality
Remittances are mainly used for investment		Remittances are mainly used for consumption
Non-conspicuous consumption usage of remittances		Conspicuous consumption use of remittances
Reduce poverty and bring development		Unlikely to reduce poverty: Increase dependency

As a result of the variances shown on table 5.1, the significant empirical and theoretical advances on migration and development of diaspora's country of origin that have been made over the decades highlight the fundamentally heterogeneous nature of diaspora-remittance-poverty reduction and development interactions

(Docquier et al., 2012; de Haas, 2010). The reasons for heterogeneity is partly due to the fact that these perspectives integrate both causes and impacts of migration within a broader theoretical perspective (de Haas, 2010), rather than offering specific insight on impact of migration on the development of diaspora's country of origin.

Another reason is due to the fact that these theories were developed from the specific observation (e.g. Mexican diaspora in USA or Turkish diaspora in Germany). Hence they often grew in isolation and are separated by disciplinary boundaries (Clemens, 2011).

The modern literature (e.g. Gibson and McKenzie 2014a; de Haas, 2012; Ratha et al., 2012), however, contends that although these theoretical approaches offer different viewpoints and hypotheses (i.e. they are heterogeneous in nature), especially on the impact of migration and remittances on poverty reduction and development of the migrants country of origin, they need not be taken as mutually exclusive, but rather as complementary (Ratha et al., 2012; de Haas, 2010).

### **5.1.1 Functionalist Optimistic Perspective: Neo-Classical Migration Theory**

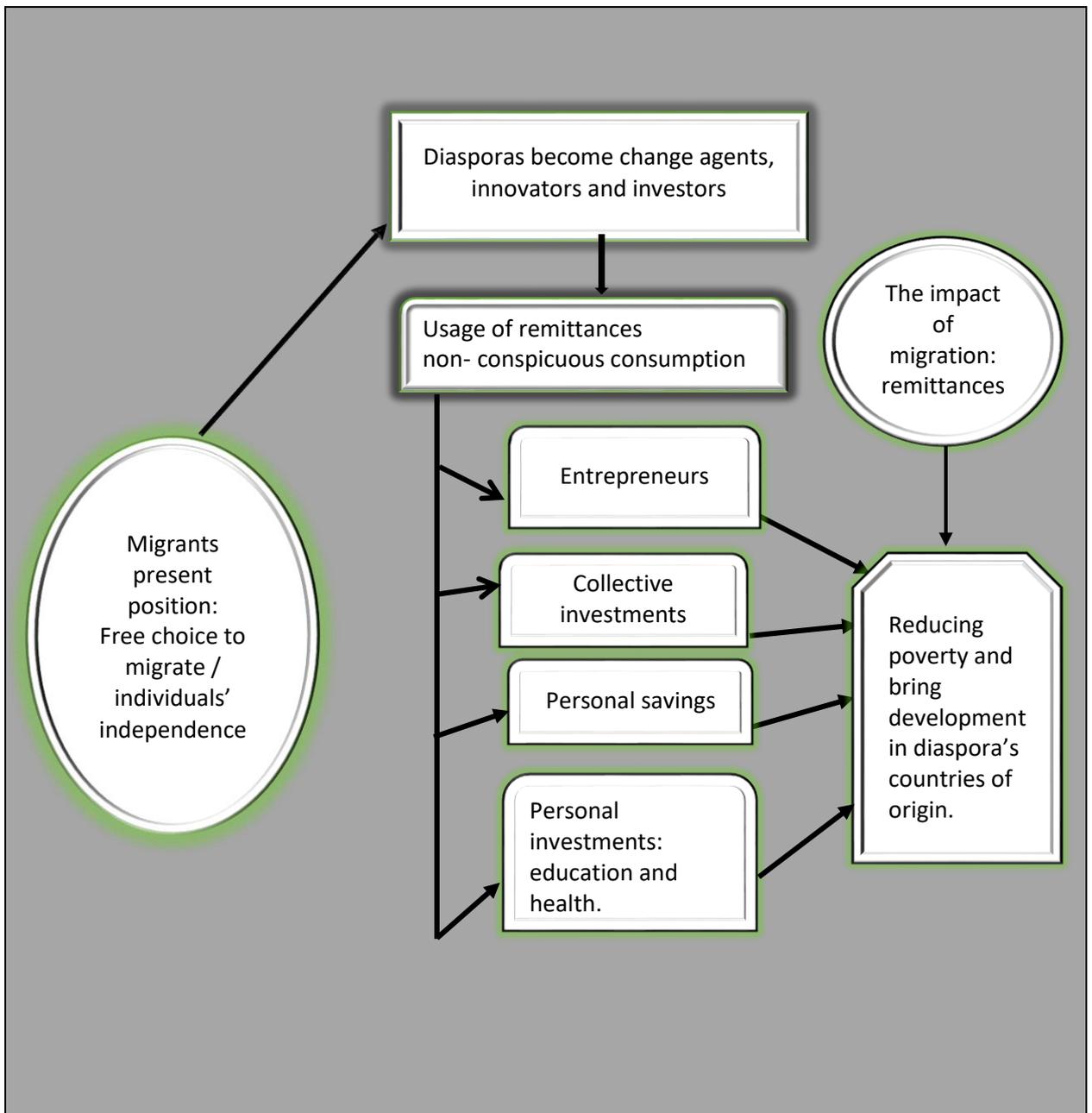
The neo-classical optimistic theory of migration claims that at the macro-level, the causes of migration can be explained by geographical differences in the supply and demand for labour between migrants' countries of origin and the host countries. The resulting differentials in wages cause workers to move from low-wage, labour-surplus regions to high-wage, labour scarce regions (de Haas, 2012). At the micro-level, this theory views migrants as individual, rational actors, who have had a free choice to migrate on the basis of a cost-benefit calculation, a free choice of where

they can migrate to for the most productive employment and earn higher wages (de Haas, 2010). The key argument is that the decision to migrate is the matter of individual actors. Migration is, therefore, seen as entirely an individual decision and the focus is on individual independence rather than mutual interdependence (Clemens, 2011).

However, the following points have been framed as criticism for neo-classical theory: Firstly, is that the decision to migrate is not based purely on an individual actor but rather it is a household response to both income risk and to the failures of a variety of markets, such as labour market, and credit market (Docquier et al., 2012). The decisions of migrants are, therefore, influenced by a comprehensive set of factors which are shaped by conditions in the country of origin, such as poverty and general developmental level. Individuals, therefore, do not have a free choice to migrate, but they are likely to be fundamentally constrained by structural forces prevailing from within and outside their territories (de Haas, 2012; 2010). To put it differently, rather than a matter of free choice, people are forced to migrate because of different reasons such as war, conflict or the undermining of traditional socio-economic structures as a result of their incorporation into the global political economic systems such as capitalism and globalization (de Haas, 2010; Shah, 2011). Through these processes, people (such as Tanzanians) become increasingly deprived of their traditional livelihoods, and these uprooted populations become part of the diasporic (migrant) communities who work harder in the host countries to improve the quality of their lives and where possible, to correct the situation in their countries of origin through financial and social remittances (Ratha et al., 2012; Chami et al., 2012).

Secondly, because this theory claims that the ability to migrate is associated with costs, therefore, this implies that it is not the poorest individuals who migrate, nor the poorest countries that send the most labour (Kwankye, 2012; Clemens, 2011). For this reasons, neo-classical theory suggests that migration rates accelerate with the growth of a country's wealth as more individuals or households are able to fund migration. Hence, this suggests that as a country continues to develop, the emigration rates diminish and the incentives to migrate change (Kwenkye, 2012). All these points have been framed as a critique of the neo-classical theory because migration does occur even in the poorest countries (such as Tanzania), and there is no empirical evidence to show that migration rates accelerate with the growth of country's wealth (Kwenkye, 2012; de Haas, 2012; Ratha et al., 2012).

In terms of the impact of migration on poverty reduction and development in diaspora's countries of origin, neo-classical theory claims that migration has positive impacts on the development process in the diaspora's countries of origin. Through remittances diaspora's help to improve income and quality of life of their families back home. Specifically, neo-classical theory claims that remittances sent by diaspora's are not mainly used for conspicuous consumption (not mainly for everyday consumptions such as food and drinks), but for productive investments such as reproductive entrepreneurs, savings and collective investments, which help to reduce poverty and bring development in diaspora's countries of origin (Docquier et al., 2012). Figure 5.1 depict the neo-classical optimistic view of migration and development.



**Figure 5.1** Optimistic views on the relation between migration remittance and development in diaspora's countries of origin.

For neo-classical theory, migration is therefore, viewed as a north-south transfer of investment capital and an enhancement of the exposure of traditional communities to more liberal, modern, democratic ideas, knowledge and education. Diaspora are

seen as change agents, innovators and investors for the country of origin (Clemens, 2011). Hence, migration leads to 'brain gain' rather than 'brain drain' (Ratha et al., 2012).

However, the point that has been disputed is the issue of 'brain gain'. The theory argues that because the people who migrate are likely to be skilled and well educated, then, the value of remittances received may actually be lesser value compared to what sending countries could gain by retaining the skilled, educated and talented citizens discussed (also see section 5.1.2 below).

Thus, some argue (e.g. Docquier et al., 2012; Hansen, 2012) if remittances are the major benefits of migration from the point of view of the source countries, the loss of human resources i.e. high skilled emigration or the so called 'brain drain' is the most serious consequence. This is because poor countries can suffer a loss of public resources invested in their education, a reduction in sending country's productive capacity, and a worsening of the business environment, affecting education and health sectors, especially in small economies (*ibid*).

In summary, the neo-classical theory has been criticized as being ahistorical, too individualistic and rigid to deal with the complex and diverse realities of the migration and development interactions.

### **5.1.2 Structuralist Pessimistic Migration Theories: Neo-Marxist and World Systems Theories**

In contrast, the structuralist pessimistic perspective (such as neo-Marxist and world systems theories)<sup>7</sup> perceive migration as a natural outgrowth of disruption and dislocation that are intrinsic to the process of capitalism (de Haas, 2012). Migration is, therefore, seen as one of the many manifestations of capitalist penetration and the increasingly unequal terms of trade between developed and underdeveloped countries (de Haas, 2010). This postulates that socio-economic and political power is unequally distributed among developed and underdeveloped countries, that people have unequal access to resources, and that capitalist expansion has the tendency to reinforce these inequalities. Instead of 'modernizing and gradually progressing towards economic development, underdeveloped countries (e.g. Tanzania or Mexico) are trapped by their disadvantaged position within the global socio-economic and political structures' (de Haas, 2010: 206-217). Structuralist theories, therefore, deny that individuals truly have free choice in making migration decisions and are not seen acting independently; rather decisions are the outcome of broader structural processes and mutual interdependence (Docquier et al., 2012, de Haas 2010).

In terms of the impact of migration on poverty reduction and development in diaspora's countries of origin, migration is perceived as a process that increases the

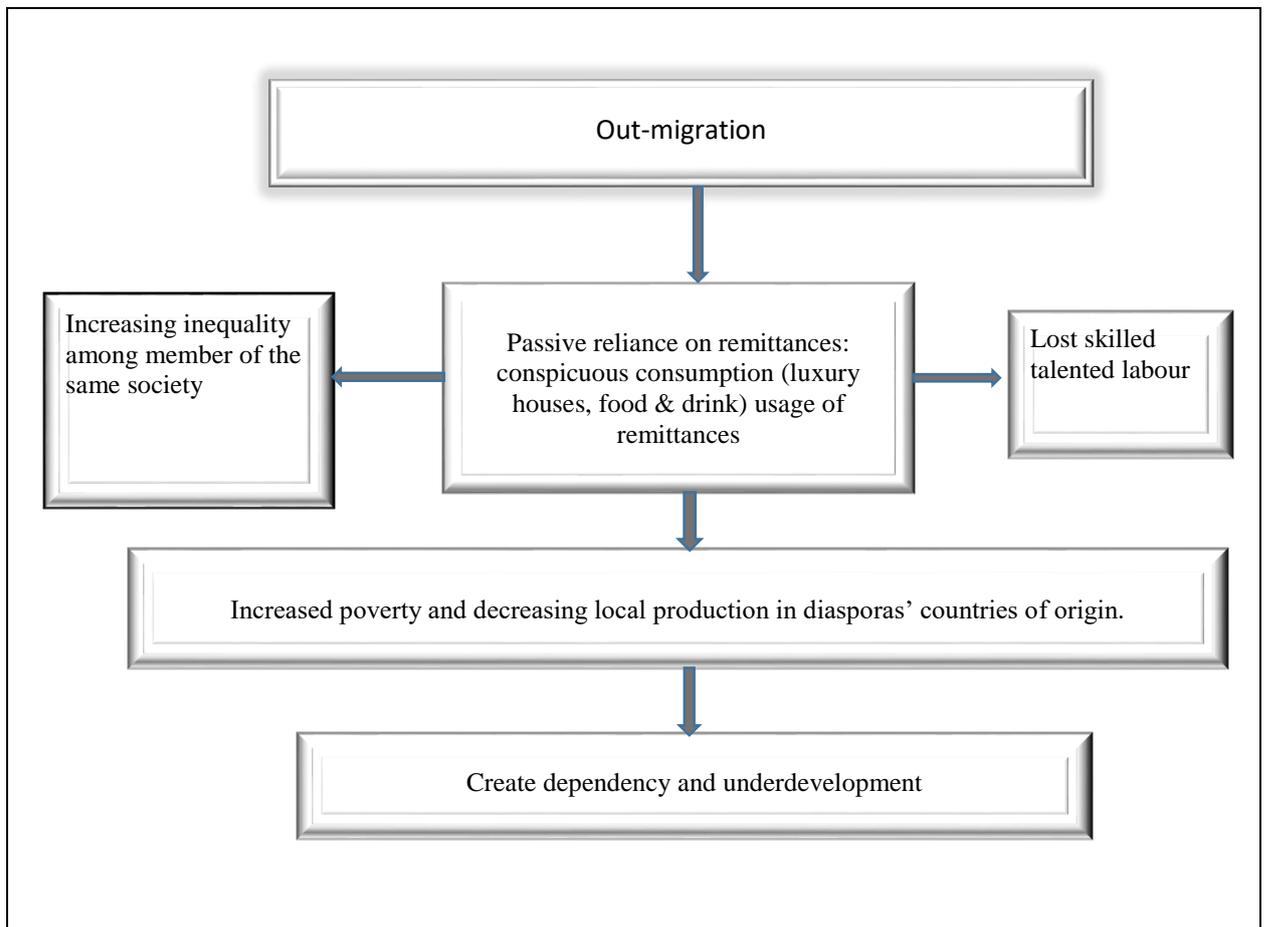
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<sup>7</sup> Both theories perceived migration as a result of the dislocations and disruptions which are inherent in the process of capitalist development. The main difference between the two theories is that in one hand, the World systems theory view migration as a result of lack of class consciousness while neo-Marxism argues that migration should be seen as a form of class struggle (Orozco, 2013; Clemens, 2011).

problem of underdevelopment in diaspora's countries of origin rather than decreasing it (de Haas, 2010). This is because structuralists believe that it is not unskilled or less educated people who migrate, but rather migrants are typically believed to be well educated, talented, skilled, and innovative. Hence, migration leads to 'brain drain' rather than 'brain gain' (Docquier et al., 2012; de Haas, 2010).

In addition, structuralists have also argued that remittances are mainly spent on everyday consumption (such as food and drinks), and on other conspicuous consumption behaviour serves to reinforce status, such as high payments for bride prices, feasts, funerals and the construction of luxurious houses, which in turn increase inequality between members of the same society rather than sustainable development for the whole nation (Ratha et al., 2012; de Haas, 2010).

Generally, structuralist theorists argue that remittances are hardly invested in the productive sector, and are unlikely to reduce poverty and /or bring development in diaspora's countries of origin; especially when the comparison is taken between what the sending countries are losing (skilled-talented, innovative people) and what they gain (remittances which are mainly used for daily consumption and non-productive enterprises (Docquier et al., 2012; de Haas, 2010). Therefore, from structuralist point of view, migration and remittances have negative impact on diaspora's countries of origin. Figure 5.2 demonstrate the structuralist pessimistic views on the relation between migration-remittances and development in diaspora's countries of origin.



**Figure 5.2** Pessimistic views on the relation between migration and development in diaspora's countries of origin.

However, structuralist theories have been criticized for being too rigid in viewing individuals as victims that passively adapt to macro-forces (world's socio-economic and political structures) thereby largely ruling out individual agency (Chami et al.,2012; Castles and Miller, 2003). The rigid forms of the structuralist stand have been refuted by recent history, as various formerly developing and labour exporting countries have reduced poverty in their societies and achieved sustained socio-

economic growth despite their firm connection to global capitalism (Ratha et al., 2012).

Structuralist theories have also been criticised of being too determinist to deal with the complex realities of the migration- poverty reduction and development interactions in diaspora's countries of origin, particularly when they ignore remittances as an essential motive for migrating and /or place less emphasis on migration as a livelihood strategy to overcome various market constraints that potentially enabling diaspora's to fight against poverty and bring development to their countries of origin (de Haas, 2010).

In summary, the main differences that have been framed as a division between functionalists (i.e. neo-classical theory) and structuralists (i.e. neo-Marxism and world systems) perspectives are: on one hand, the neo-classical framework is based on individual decision-making processes, and see migration through diaspora remittances as having a positive impact on the countries of origin of diaspora.

On the other hand, Structuralists contend that the choice of migration is not a free or rational choice of profit maximization; rather it is a forced individual decision arising from the lack of alternatives at the local communities (de Haas, 2012; Clemens, 2011). Migration is also seen as a result of global expansion of the capitalist system based on inequality that reinforces spatial and interpersonal disparities in development (Clemens, 2011; de Haas 2010). Therefore, structuralists emphasize how migration is affected by the macro-level social and economic processes which constrain or enable international movement. Structuralists address migration as a negative phenomenon contributing to the further underdevelopment of migrants' countries of origin.

### 5.1.3 New Economics of Labour Migration (NELM) Theory

As a response to the two migration perspectives (i.e. functionalist and structural perspectives), NELM emerged as an alternative theoretical framework accounting for the determinants of migration, purportedly sought to redress both perceived weaknesses of the views of the functionalist and structural perspectives (Clemens, 2011).

The focus of NELM theory emphasised three areas:

- (i) an emphasis on relative deprivation as a determinant of migration, whereby households are placed in poorly accessible markets which are predominantly in developing countries (de Haas, 2010).
- (ii) an emphasis on the household as the relevant decision making unit: migration is not entirely an individual decision but a household decision. Hence, NELM place the behaviour of individual migrants in a larger societal context (de Haas, 2010).
- (iii) an emphasis on migration as a strategy to diversify risk and overcome market incompleteness: migration is viewed as a livelihood strategy through which households improve their economic conditions (de Haas, 2012).

Further, NELM explained that remittances provide income insurance and enable households to improve their welfare by investing in productive activities. Migration and remittances are perceived as a household strategy to overcome market constraints. Thus remittances sent by

diaspora are perceived to have positive impact on diaspora's countries of origin (Clemens, 2011; Luke and Singh, 2011).

These emphases highlight that NELM theoretical arguments tend to be based on neo-classical views rather than structuralist's views of migration (see table 5.1 and sections 5.1.1 and 5.1.2), but the most fundamental aspect about NELM theory is its information-theoretic character (de Haas, 2010). Theoretical models that result from the NELM perspective raise a set of hypotheses that are different from the ones formulated in the neo-classical theory (Clemens, 2011), these include:

- (i) International migration does not stop at the moment when the wage differences in the sending and destination countries are eliminated. Reasons to migrate may continue to exist, if certain markets (e.g. the credit market) in sending countries do not work properly (Clemens, 2011)
- (ii) A wage difference is not a necessary condition for international migration to occur; households can have good reasons to reduce the risks associated with economic differences by migration, even in the absence of wage differences (Chami et al., 2012)
- (iii) There is a strong relation between migration and local production: increased remittance flows reflect the local production in migrants' countries of origin, lead to the increased appeal of migration, as a mean of overcoming financial risks. Therefore, the economic development of the

migrants' countries of origin does not necessarily reduce the appeal of migration (Ratha et al., 2012; Clemens, 2011).

- (iv) National governments can influence migration not only by the national policies in the field of labour force, but also by the policies in the field of capital markets or insurance markets. Thus, social security welfare policies, particularly unemployment insurance, represent major factors in influencing the decision to emigrate. Good socio-economic policies can result in a decrease in the intensity of the migration process (Ratha et al., 2012; de Haas, 2010).
- (v) Governments in diaspora's sending countries may increase the development potential of remittances through a variety of economic policies. Creating a fertile ground for remittances to contribute to broad based income growth in sending countries is a key to promoting development from migration (Mara et al. 2012).
- (vi) The units of production and consumption (families and households members) are the levels on which migration research should be reported (Clemens, 2011; de Haas, 2010)

These theoretical hypotheses show that NELM regarded migration as a rational way of hedging against risk in a world characterized by incompleteness of information and incomplete markets (de Haas, 2012). However, NELM theory puts much emphasis on the conditions associated to the migrants' countries of origin, while the characteristics of the host countries are being ignored. In reality, some policies

regarding migration in the host countries can encourage or restrict this phenomenon, thus becoming worthy of being considered by the potential diaspora (Docquier et al., 2012; Kritiy et al., 1998), and this is precisely the fact for which it has been criticised.

Moreover, it has been argued (e.g. Docquier et al., 2012) that the incorporation of aspects such as incompleteness of information, risk, self-insurance or theoretical analyses of intra-household commitments renders clear the informational-theoretical character of the NELM theory.

Another criticism on NELM theory is based on how it was built - the theory was formulated based on the specific observation / empirical evidence of the Mexican migrants in the United States (Docquier et al., 2012; Kritiy et al., 1998). Hence, NELM's hypotheses reflect a certain historical context, which in turn make theoretically and empirically harder to apply universally.

In summary, NELM argues that migration may set in motion a development dynamic, with lessening production and investment constraints faced by households caused by market constraints. Governments of the sending countries may also increase development potential of remittances through workable policies, which will create favourable conditions for poverty reduction and bring economic development in these countries. However, NELM has been criticised of being too individualistic, lacking structural trends and a failure to take into consideration the situation in the host countries, which are important in explaining the dynamic nature of migration-remittances and their impact on diaspora's countries of origin (Docquier et al., 2012).

#### 5.1.4 Pluralist Approach

Empirical studies and literature (e.g. Mara et al. 2012; Chami et al.,2012; Clemens, 2011) on migration theories have moved on to explain migration trends and impacts of remittances in diaspora's countries of origin in a more pluralist approaches. Pluralist views intend to more scope for explaining and interpreting the heterogeneous relationship between migration and broad development processes, by concurrently take into account three theoretical stands, namely:

- (i) New Economics of Labour Migration (NELM): – (as discussed above in subsection 5.1.3).
  
- (ii) Migration as a Livelihood Strategy: which claims that migration is a deliberate attempt by social groups (but not necessarily households) to spread income risks, to improve their social-economic status and to overcome local development constraints in their communities (de Haas, 2010). Migration is, therefore, being perceived as a livelihood strategy that helps to spread the livelihood risks, increase income, collect investment capital and improve economic and social status. Migration is, therefore, viewed as a strategy taken by members of the society to maintain, secure, and improve their general living conditions (de Haas, 2012). This particular deliberate choice to migrate is based on selective access to assets, and better opportunities.

The pluralist approach perceived remittances as the outcome of strong transnational social ties and of the desire to improve the lives of family members left behind. Thus, remittances help to raise household income and improve markets constraints. Migration can then be seen as a means to acquire a wider range of assets which insure against future shocks and

stresses. In this context, migration is perceived as one of the main elements of the strategies to diversify and potentially improve quality of lives of the diaspora and their families back home.

The main criticism of the livelihood strategy is based on perception of migration as a deliberate choice, rather than a strategy that enables a person to overcome a constraint imposed by capital markets (Mara et al. 2012; de Haas, 2012).

- (iii) Transnational perspective on migration and development: this perspective claims that through advancements in technological communication facilities (e.g. mobile phones, fax, television and social media such Facebook) the diaspora can maintain close relationships with their families in the countries of origin, and send remittances through, mobile phones via globalized formal and informal channels (de Haas, 2010). Hence, this helps to promote loyalties, and provides easy ways of transfer and transmitting both financial and social remittances (Mara et al. 2012; Kwankye, 2012). In turn this helps to increase the scope for migrants and their families to pursue transnational livelihoods (Mara et al. 2012; de Haas 2010).

Transnational views on migration and development in a diaspora's country of origin imply that diaspora's integration in the host countries and commitments to the countries of origin are not necessarily substitutes, but can be complementary (de Haas, 2012).

However, this perspective does not explain how migrants' transnational practices can be utilized to further development in their countries of origin, (Docquier et al., 2012; Kwankye, 2012)

Generally, the pluralist approach perceives migration as an element of a broader household livelihood strategy to expand income sources and conquer socio-economical and institutional development limitations in diaspora's countries of origin (de Haas, 2010). Remittances are also perceived as the return of household investment in migration to diversify income risk and to collect investment capital to be used for developmental activities such as investments, entrepreneurs, and savings, as well as education and health costs of family members, which all have multiplier effects on diaspora's countries of origin (de Haas, 2010; Ratha et al., 2012).

Nonetheless, the pluralist approach has also been criticized due to a lack of concrete information about the links between migration and development.

### **5.1.5 Theoretical Framework for this Study**

The pluralist approach discussed above in section 5.1.4 has been adopted as the appropriate framework for this study. Before moving on to explain the reason(s) for relying on this approach as framework for this study, it is important to understand that the critical point is not whether or not this approach links the situation of Tanzanian diaspora in two places i.e. home and host country- Tanzania and the UK. Rather, it is whether this approach has the capacity to explain the nexus between diaspora-remittance and poverty reduction in Tanzanian society, in the context of the

two socio-economic relations (UK and Tanzania) that Leicester-based Tanzanian diaspora mediate.

The researcher, therefore, adopt this approach as the framework for this study because this approach is more capable (compared to other theories such as what have been discussed above in section 5.1.1 to 5.1.3) in explaining the nexus between diaspora-remittance and poverty reduction in Tanzania, as it addresses complex socio-economic relation of the diaspora in the host and home countries. Put it differently, through the concepts of transnationalism and livelihood strategy-pluralist approach focus in explaining not only economic elements but also social forces that propel (Tanzanian) diaspora to engage in remittance practise that connect diaspora in host and their home countries, and this is crucial element in exploring and understanding Leicester-based Tanzanian diaspora's remittances and poverty reduction in Tanzania.

Moreover, similar to what pluralist approach suggests, the findings of this study also reveal that out migration is a livelihood strategy through which Tanzanians households improve socio-economic conditions, and remittances are perceived as the outcome of strong transnational social ties and of the desire to improve diaspora quality of lives and the lives of household members left behind.

Having said that, as pointed by many (e.g. Stark, 1991; Lindley, 2010, Chami et al., 2012; Ratha et al., 2012) there is no single theory that is sufficiently capable to explain utterly the diaspora-remittance-poverty reduction nexus of diaspora from different backgrounds or diaspora of the specific group, as all theories analyse this

phenomenon are characterised by certain geographical, socio-cultural, and temporal limitations.

Therefore, whilst the Pluralist approach has been adopted as a theoretical framework for this study for the reasons mentioned above, yet, it tells very little about the motives / driving forces or rather the 'meaning' that this specific diaspora group (Leicester-based Tanzanian diaspora) attach into their practise of remitting.

Thus, as other previous studies suggest<sup>8</sup>, e.g. Orozco (2013) that in order to understand remittance practices and their impact on poverty reduction of the specific diaspora's group, it is important to consider the socio- economic and political backgrounds as well as cultural and transnational contexts of that particular diasporic group (i.e. it requires scrutiny of the social construction).

Indeed, in order to understand the 'meaning' / driving forces of diaspora remittance's behaviour and the impact of remittances in the society, one has to dig down into the social structures and micro-level group relations (e.g. Families/ household and individuals) in any given society, and Leicester-based Tanzanian diaspora are no different.

Consequently, whilst this study is largely guided by the pluralist views, the study has also adopted an inductive approach<sup>9</sup> in order to scrutinise and provide a scope to understand the Leicester-based Tanzanian diaspora's remittance and their effects on

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<sup>8</sup> Example, Orozco, 2013 and Mohapatra et al. 2011 suggest in order to understand diaspora remittance practices, it is important to consider their social constructions of that particular diaspora group.

<sup>9</sup> Inductive approach is the approach concerned with the generation of new theory emerging from the data.

poverty reduction and development in Tanzania (chapter 6, section 6.1). This will be achieved through empirical verification of the research questions (chapter 7, section 7.0). Hence, this study offers new insights of how migration (diaspora) affects poverty reduction and development in Tanzanian society, by exploring inductively the effects of Leicester-based Tanzanian diaspora's remittances on poverty reduction and development in Tanzania.

### **5.1.6 Conclusion**

Despite a sizeable theoretical literature and empirical studies that have created valuable insights that migration has the potential to reduce poverty and to promote development in diaspora countries of origin, yet the nexus between migration-poverty reduction and development in diaspora's countries of origin remain multifaceted, very complex and diverse phenomenon in which micro and macro-levels interact (Orozco, 2013; de Haas, 2012; Clemens, 2011). This portrays a lack of a single nuanced theoretical framework, in spite of a significant increase in empirical studies on the relationship between migration, poverty reduction and development on diaspora's countries of origin (de Haas, 2012; Lindley, 2010). In turn, this makes research conceptually and empirically challenging, as well as theoretically harder to frame within a specific theoretical framework (Docquier et al., 2012; Lindley, 2010). As result, it is widely acknowledged (e.g. Docquier et al., 2012; Ambrosetti et al., 2011; Lindley, 2010) that the ways in which migration affects development and reduces poverty in migrants sending countries are complex to

determine. Therefore, in order to understand the impact of diaspora's remittances on poverty reduction and development in their countries of origin, it is essential to determine the economic, social, political, and cultural factors which form the migratory trends of that particular region or country (e.g. Docquier et al., 2012; Ambrosetti et al., 2011).

The fundamental question is, therefore, not whether migration tends to lead to poverty reduction and development or not, rather why migration has different outcomes across a range of societies. Indeed, the heterogeneity of impacts of diaspora's remittances on poverty reduction and development in diaspora's countries of origin can be clearly understood through systematic empirical research in the specific migrant sending countries, and Tanzania is not unique. Hence, it has been argued (e.g. Orozco, 2013; Ratha et al., 2012; Lindley, 2010) that in order to explain the nexus between migration- remittances and poverty reduction of a particular country, it is essential to carry an empirical study in that specific country, rather than relying on broader theoretical framework i.e. conduct a research based on inductive approach, - as is the case for this study, rather than deductive approach<sup>10</sup>.

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<sup>10</sup> Deductive approach is the approach that aimed at testing existing theory.

## **5.2 Theories of Motives to Remit**

### **5.2.0 An overview**

This section critically discusses theoretical literature on the motives to remit. While the decision to remit is clearly linked to the causes of migration, the majority of the literature on the motivations to remit focuses exclusively on remitting (Luke and Singh, 2011).

The theoretical debate on the motivations to remit was triggered by Johnson and Whitelaw, (1974) in the study of Urban –Rural Income Transfer in Kenya. They found that the main remittances determination among Kenyans was ‘altruism’, i.e. unselfish concern to help others. Later, in the mid-1980s, efforts to build a noticeable and systematic theory of remittance determination were continued by Lucas and Stark (1985) in their seminal study entitled ‘Motivation to Remit: Evidence from Botswana’. They investigated remittances on a household level and argued that remitting migrants are influenced by different motivations, namely: (i) pure altruism, (ii) pure self-interest (iii) tempered altruism or enlightened self-interest, in which implicit contractual arrangements between the diaspora and the family member left behind are often performed for three motives; (i) the co-insurance motive, (ii) exchange motive, and (iii) loan repayment motive, (see table 5.2).

### **5.2.1 Pure Altruism**

Altruism has generally been referred as a migrant's unselfish concern to help and to provide a genuine care for those who remain in the migrants' country of origin (Lucas and Stark, 1985; Ambrosetti et al., 2011). Lucas and Stark (1985) also argue that migrants remit for altruistic concerns because they have a genuine care about household members they left behind. Therefore, a basic motivation of a remitting migrant is through altruistic feelings towards the family left behind. The migrant, thus, cares about poverty, shocks to the family and consequently sends remittances. In this case, there is a positive relationship between adverse conditions of the receiving household and remittances sent (Ambrosetti et al., 2011). Ambrosetti et al. (2011: P. 6-8) suggest that there are four characteristics for migrants' altruistic behaviour:

- Altruistic behaviour is founded on a deep emotional attachment between immigrants and their families.
- Diaspora have the desire to improve their families' living conditions by providing financial support.
- Social attitudes have influenced a diaspora's remittance behaviour.
- Remittances should increase with migrant income (the migrant has more to share) and strength of altruism and decrease with recipient income.

Generally, an altruistic point of view holds that the strength of family ties as well as the net earnings of recipients are important elements that shaped a diaspora's remittance behaviour. Strong family ties between the migrant and the remaining household members would increase the probability of migrants remitting, and the

more migrants earn, the more remittances recipient households should anticipate. In this sense remittances may decline with an increase in the recipient household's wealth and the length of time the migrant stays in the host country (Docquier, et al., 2011; Lucas, 2004; Lucas and Stark, 1985).

Nevertheless, there is a wide academic discussion (e.g. Orozco, 2013; Mohapatra et al. 2011) on how to measure altruism, but most authors agree that measuring altruism by only looking at the effect of giver and receiver income is controversial; because it is very abstract and perhaps too rational an operationalization of decision making and, additionally, captures other effects (Orozco, 2013; Ratha et al ., 2012). Moreover, migrants may not only remit to close family members, but also to extended family members and friends with the aim of improving relationships and gaining popularity.

### **5.2.2 Pure Self-interest**

Lucas and Stark (1985) further argue that although altruism is a strong motive behind remittance behaviour, it is incorrect to assume that altruism is the fundamental and sole factor for sending remittances. They mention that pure self-interest exists alongside the altruism motive.

In the pure self-interest motive, a diaspora sends remittances as a result of (i) an inheritance motive, also known as bequest motive and (ii) as an investment or for a future return to the home country.

The *inheritance (bequest) motive*, depends on the age of parents and the number of children left behind in home country. Diaspora whose remittance behaviour is based on an aspiration to inherit will continuously support their families even in their long-term stay abroad. This is mostly applicable to those who left their immediate families behind, such as children, spouse, and parents. In this case, self-interest - inheritance motive can be distinguished from altruism using conventional explanatory variables (e.g. income) and larger income and or wealth of the household may lead to more remittances.

The *investment motive* has been explained as a preparation for the diaspora's return to their countries of origin. Generally, the investment motive involved into three categories: fixed capital, public assets and social assets (Lucas and Stark, (1985). The majority of migrants have been found to invest in fixed capital such as housing and land to ensure that they will be able to start a new life comfortably once they return home (Ambrosetti et al., 2011). The migrant may also send remittances to invest in his reputation at home, i.e. to gain social status (Docquier, et al., 2011). However, Ambrosetti et al., (2011) also pointed out that migrants may not necessarily invest for their own benefits. Some of them may invest in public assets such as schools or health centres.

### **5.2.3 Tempered Altruism or Enlightened Self-interest**

In an attempt to provide a theory that is universal and capable of explaining diaspora's motives to remit, Lucas and Stark, (1985) introduced this theory, which is based on the notion that remittances are part of a mutually beneficial contractual

arrangement or implicit contract between a diaspora and family members back home (Clemens, 2011; Lucas and Stark, 1985). In fact, literature (e.g. Orozco, 2013; Docquier, et al., 2011) postulates that this mutually beneficial arrangement or implicit contract has three elements (i) co-insurance (risk) motives, (ii) loan repayment and (iii) exchange motives.

*Co-insurance implicit contract* has been explained as household member migrating to a non-correlated labour market due to market failures in the country of origin (i.e. from low wages to higher wages), enter a type of co-insurance implicit contract with the household left behind. This implicit contract is self-enforcing, (Lucas and Stark, 1985). Thus, remittances are sent home when the household experiences socio-economic shocks. Consequently, remittances increase when the household's experiences a income shock, and when the risk-level of the household increases, (Ambrosetti et al., 2011). At the same time, the household also supports the diaspora, e.g. by paying for the costs of migration or during spells of unemployment.

NELM theory of migration (discussed in section 5.1.3 of this chapter) explains the reason/cause for migration in relation to this co-insurance motive. In fact, NELM is the only migration theory that explicitly links the motive to remit to the decision to migrate (Ambrosetti et al., 2011). This is crucial since the intent to send remittances is likely to be a major consideration in the decision to migrate.

*Loan repayment implicit contract* is another type of contractual agreement between a diaspora and household. In this motive, remittances are sent as a repayment of the principal invested by family members to a diaspora for purposes of education or as repayment of loans that were used to finance the diaspora's expenditure in the

course of migration. Family members collectively unite to assist the migrant with the hope that in the future the migrant will send remittances to repay the family for the initial investment that helped the migrant to success. In that sense, the loan repayment motive has been theorised as displaying two categories: (i) remittances are assumed to be the repayment of an informal implicit loan, contracted by the migrant for investment in migration costs. (ii) the implicit contract loan invested in migrant's education expenses.

Lucas and Stark, (1985) argue that with this motive, the level of remittances from the more educated migrant is greater, not only because their earning may be higher, but also because the remittances represent higher implicit loan repayments to the family which has invested in their education. Thus, the higher the education the migrant has, the higher the loan associated with the costs of studies, and the more recipient family would expect to be remitted.

*Exchange implicit agreement*, under this motive remittances are transferred to be paid to the household at home for services provided. Such remittances may be made in payment for the maintenance of a diaspora's investments such as land, a house, or on-going business (shop). Thus, remittances are sent as a reward for the services the family member provides for a diaspora. The theory can also be applied when remittances are sent to buy various types of services (e.g. child care). Remittances can decrease or increase depending on the migrant's need for services (Lucas and Stark, 1985). The less demand for services leads to fewer remittances since less money is then needed to make the household members perform the services.

#### **5.2.4 Limitations of Theories of Motives to Remit**

Whilst the above motives are considered to be separate and different, they do overlap, and hence it is difficult to measure them separately. In turn this makes it difficult to test these motives empirically and/or apply them universally, because they differ in their application to diaspora from one country of origin to another (Ambrosetti et al., 2011). Another limitation is that the foundation and origin of these theories emphasize financial improvement and neglects other reasons to remit, such as reciprocity and social pressure (Ambrosetti et al., 2011). Hence, it is difficult to establish their validity in explaining remittance behaviour of diaspora (Ambrosetti et al., 2011; Clemens, 2011).

Related to that, whilst these theories focus on strategic motivations that were freely chosen, more social motivations, like prestige and responsibility are not considered.

The existing literature on motives to remit makes little reference to broader theoretical debates on the diaspora, development and poverty reduction nexus to the individual country. This renders the often conflicting findings from empirical studies difficult to interpret theoretically, when in fact they could be extremely useful in building a more sophisticated theoretical framework that could account for the heterogeneity of diaspora remittance-development interactions, ( Docquier et al., 2011; Woodruff and Zentano, 2007). For example, in this study, the Leicester-based Tanzania diaspora mentioned that although they remit due to the similar motives discussed above, they also stated that they remit due to 'attachment to their home country'. This is often a result of socio-political backgrounds of their country – the 'Ujamaa ideology' familyhood' that was embedded in assumptions of co-operation

and sharing- that gives a profound attachment to their country of origin (chapter 7 and 8, and Chapter 2, section 2.3). In this sense, Ujamaa ideology may provide a theoretical foundation as to why this Tanzanian diaspora remit apart from pure altruism or self-interest. Hence, the notion of 'attachment to their country of origin' due to socio-political effects (Ujamaa ideology) may extend the theoretical literature on motives to remit which has centred on altruism, family ties and self-interest alone.

Furthermore, these theories do not take into consideration the need for security and protection as an aspect of migration and motivation to remit. As a result these theories do not fully capture the reasons why other communities, especially those migrants from the fragile and conflict states such as Syria, Afghanistan, Somalia and Iraq (Ambrosetti et al., 2011). In reality, theories of motive to remit do not portray and explain the nature of remittance motivations amongst diaspora from fragile states because their reasons for migration are not to improve finance and maximize the incomes. Hence, the motivation to remit may also be different, (Alcaraz et al., 2012; Ambrosetti et al., 2011).

The remittance theories discussed also neglect the fact that diaspora may be willing, but not able to send remittances due to unexpected adverse conditions in the host country such as economic recession (Docquier et al., 2011).

Furthermore, although remittance determination theories have been expanded upon by many, (for example, Poirine, 1997; Glytsos, 2002; Rapoport and Docquier, 2005; Carling, 2008; Docquier et al., 2011) they do not explain the remittance behaviour of the second generation (Ambrosetti et al., 2011).

The degree of altruism required to motivate a migrant to remit has also been questioned by other scholars (e.g. Alcaraz et al., 2012; Ambrosetti et al., 2011; Ghosh, 2006). These scholars do not all agree that migrants send remittances due to pure altruism reasons. They argue that even though the value of remittances, migrant income and the wealth (income) of the household in the country of origin are positively correlated, the degree of altruism is likely to decrease and change over time, (Alcaraz et al., 2012).

Alcaraz et al., (2012), further contended that purely altruistic motives may be less relevant for migrants from upper class and nuclear families in urban areas or from rich societies in the community of origin. Hence, their motives to remit may also be different due to the fact that the migrant income and altruistic concern may not correlate with the wealth of the community (household) of origin.

Table 5.2 depict the theoretical motives for remitting and their effects on diaspora's remittances behaviours.

**Table 5.2. Example of the level of effects and theoretical motives to remit**

Level of Effects	Types of Motive to Remit				
	Pure altruism	Pure self-interest	Tempered altruism Contractual Arrangements		
			Co-insurance	Exchange motives	Loan repayment
Intent to return	+	+	-	+	+
Household income	+	-	+	+	+
Migrant Income	+	+	+	+	-
Income shock occurring in the household	+	+	-	+	-
Number of members of the family in diaspora	+	+	+	-	+
Education level of Migrant	+	+	+	-	+
Time in host country	-	+	-	-	+

**Key:**

- + likely to remit under that motive
- Less likely to remit under that motive

**Source:** Lucas and Stark, (1985) In: Gallego and Mendola (2013).

### 5.2.5 Conclusion

In spite of several attempts to expand the theories of motive to remit, a lack of comprehensible theoretical framework implies that these theories need to be taken as complementary, rather than mutually exclusive. This is a major obstacle from the start in the empirical applications and affects the strength of the conclusions that can be drawn. Thus, some authors (Auriol and Demonsant, 2012; Ambrosetti et al.,

(2011) concluded that the universal application of theories of motives to remit yield inconclusive results, not only because they overlap, but also due the lack of theoretical advancement, and reflection of nexus of diaspora-remittance and development in their individual countries of origin.

The next section explores causes of poverty theories and the general underlie-cause of poverty in Tanzania. In so doing, this subsection will discuss how country's policies such as Ujamaa and Structural Adjustment Programs-SAPs enhance or reduce poverty in Tanzania.

### **5.3 Causes of Poverty Theories: Individualistic Perspective versus Structural Perspective**

Literature ( e.g. Hansen, 2012; Mbughuni , 2010) show that the main cause or rather a major push factor of out-migration in Tanzania is poverty, which includes the lack of employments, the lack social security, lack of health and education services as well as lack of clean water, food and shelters, just to mention a few. The underlying causes of poverty in Tanzania, like in other countries can be explained from two perspectives namely an individualistic perspective and a structural perspective.

The individualistic perspective provides multifaceted explanations that focus on the individual as responsible for their poverty situation. This perspective blames

individual people in poverty for creating their own problems that cause them to be poor. It maintains that with harder work and better choices the poor could have avoided or/ and remedy the poverty. This perspective further ascribes poverty as a lack of genetic qualities such as intelligence that are not easily reversed.

As far as poverty in Tanzania is concern, this perspective is insufficient in addressing the fundamental causes of poverty in Tanzanian society and is incapable of informing the means that will help to eradicate poverty in Tanzanian society, because is not the individuals deficiencies that cause people to be poor, but the failures of economic, political, and social systems, which rarely reward merits to the development of Tanzanian society (Mbughuni, 2010).

On the other hand, the structural perspective contends that the cause of poverty lies on the broader failure of socio-economic and political structures of the country. This perspective explains poverty by addressing societal factors such as unemployment, illiteracy, and diseases that perpetuates poverty. Hence, it analyses poverty reduction by looking at the broader view of the mechanisms and institutions in society that cause poverty rather than concentrating on individual deficiencies. For example, failures in the macro-level labour market, demographic conditions and country's policies that put people at risk of poverty (Mbughuni, 2010; de Haas, 2010). Thus, according to this perspective, poverty is a result of socio-economic failures rather than individuals' deficiencies.

Arguably, this perspective is more capable of explaining poverty in Tanzania because it addresses factors that cause poverty in the society by way of correcting

the restrictive social structures that perpetuates poverty. Hence, it helps in analysing deprivation by looking at the broader view of the mechanisms and institutions in the society that cause poverty rather than concentrating on the individual (Mbughuni, 2010; de Haas, 2010).

The failures of socio-economic and political systems cause Tanzanians to have limited resources and opportunities which will enable them to avoid or remedy poverty. For example, as discussed in chapter 2, sub-section 2.3 and 2.5 and in this chapter sub-section 5.3.1 although Ujamaa policies had some positive effects on social structures such as health and education, Ujamaa policies failed to eradicate poverty (i.e. economic failure).

In addition, other policies that were adopted and implemented in Tanzania after the collapse of Ujamaa i.e. Capitalism- Structural Adjustment Programs (SAPs) have not reduced poverty either. In fact capitalist-SAPs have led to the increase of economic deprivation and poverty Tanzania (Agyepong, 2010b; Shivji, 2009a). Sub-section 5.3.1 below gives further discussion on roles played by socialist ideology of Ujamaa in enhancing or eradicating poverty in Tanzania, as well the situation\_after the collapse of Ujamaa i.e. Capitalism- Structural Adjustment Programs (SAPs) and their roles on enhancing or eradicating poverty in Tanzania.

### **5.3.1 What Role Did the Socialist Ideology of Ujamaa and SAPs Play in Enhancing or Eradicating Poverty in Tanzanian Society**

In order to more fully understand whether the socialistic ideology of Ujamaa enhanced or reduced poverty in Tanzania, it is important therefore to examine three tasks: Firstly to examine rather briefly, the state of development in Tanzania before the rise of Ujamaa ideology. This is task has already been briefly discussed in chapter 2, section 2.3. It is, however, important to briefly mention this here in this section because it makes it easy to identify the contributions which have been brought about specifically by Ujamaa. Secondly to describe how the concept of development was defined under Ujamaa ideology, i.e. what development did Ujamaa policies aimed to achieve? This is significant because it will help to make a correct assessment of the contribution of Ujamaa ideology on poverty reduction and development in this specific society. Thirdly, describe in what sense did Ujamaa enhance or reduce poverty in Tanzania.

It has already been pointed out in chapter 2 section 2.3 of this study that the Tanzanian society even before slave trade and colonialism were not economically rich. However the people generally, met their basic needs such as food clothes and shelter, lived harmoniously in a communitarian<sup>11</sup> way, with respect of one another and enjoying the freedom- that is to determine their future and govern themselves without interference from non-Tanzanians. They were 'spiritually rich' (Mbogoni, 2012). However, the slave trade and colonialism did not make them economically rich either. In fact these historic epochs made Tanzanians poorer; as they did not even have the basic needs such food, shelter and clothes. Education, health

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<sup>11</sup> Communitarianism emphasizes the connection between the individuals and the community.

services and clean water were also rare and almost none existent in some parts of the country. Therefore, they were materially poorer than they were before slave trade and colonialism. In addition, the society was divided along racial, religious, gender, and ethnic lines. They lacked basic human rights such as freedom, love, unity and respect among themselves i.e. they became spiritually poor. Thus, the slave trade and colonialism caused Tanzanians to become both materially and spiritually poorer (Mbogoni, 2012; Mbughuni, 2010) than they were before.

Having described the state of development before and during colonialism, it is important then to describe how the concept of development was defined under Ujamaa ideology, i.e. what development did Ujamaa policies aimed to achieve. As discussed in chapter 2 section 2.3 and chapter 3 section 3.1 Ujamaa's conception of development arose against the background of the slave trade and colonialism as Tanzania's response to the situation of both material poverty and spiritual poverty (Mbogoni, 2012; Shivji 2009a).

'Development' was defined by Nyerere as a "creation of conditions both material and spiritual, which enables man the individual and man the specie to become his best" (Nyerere, 1974:84 cited in Shivji 2009b). Thus, according to Nyerere a human being in Tanzania needed food, shelter, and clothes plus a good education and health services (material wealth) as well as freedom, respect and unity (spiritual wealth) in order to develop (Nyerere, 1974 cited in Shivji 2009a).

If, therefore, Tanzania could have reached a stage where its people had sufficient food, houses and clothes (materially rich), and enjoy freedom, unity, respect, love and help each other 'brotherhood' (spiritually rich), then Nyerere would be satisfied to say

that Tanzania had developed, i.e. Ujamaa ideology has brought development in Tanzania (Agyepong, 2010b; Shivji, 2009a).

This shows that during Ujamaa 'development' did not only "consist of independence and the right to self-determination but, it also consisted of freedom from hunger, diseases and poverty" (Nyerere, 1974, p. 25 cited in Agyepong, 2010b).

Nyerere (1974) further argues that unity, love and respect of an individual and that of the society are so tied together that an individual cannot develop alone in isolation from society just as the society cannot develop without the individual. According to Nyerere development should flourish within 'brotherhood' / 'familyhood'.

Apparently, Ujamaa insisted the 'human-centred approach'<sup>12</sup> to development (Agyepong, 2010a). That means the well-being of the person is the standard measure of material goods (Agyepong, 2010a). During Ujamaa material things in themselves have less meaning. They only acquire their proper meaning when they are used to improve the living conditions of human beings (Agyepong, 2010a). Put differently, to Nyerere, material things were tools of development that could be used to bring about the well-being of a person. Thus, human centred 'is not primarily about the accumulation of material things but, about the well-being of individuals in society' (Nyerere, 1974 cited in Agyepong, 2010a).

The reason for this 'human centred' approach to development was that Ujamaa believed in the equality of all human beings (Agyepong, 2010a).

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<sup>12</sup> an approach to development that focuses on improving local communities' self-reliance, social justice, and participatory decision-making. It recognizes that economic growth does not inherently contribute to human development (Agyepong, 2010a).

Having discussed the Ujamaa's (Nyerere's) views of development, it is important to explore in what sense did Ujamaa enhance or reduce poverty in Tanzania. I.e. what development, if any, did Ujamaa brought to Tanzanians? Further, at end of this section there will be a brief critical analysis of poverty situation after the collapse of Ujamaa i.e. the aftermath of capitalism and SAPs on poverty in Tanzanian.

It must be recognised that in pre-ujamaa society described above and in previous chapters (chapter 2 section 2.3 and chapter 3 section 3.1) people of the same society were divided along tribal, ethnic, racial, religious lines. Ujamaa, therefore, can be considered as one of the main mechanism that brought about unity, peace and respect among Tanzanians; things that Tanzanians have enjoyed since independence to the present (Agyepong, 2010b). In that respect, it is right to argue that the establishment of peace and unity, was one of the most significant developmental contributions of Ujamaa to the country. In turn this helped to reduce poverty especially for the majority indigenous black Tanzanians who were highly isolated, segregated and more discriminated against than any other ethnic group. It is because of this significant developmental contribution (unity and respect of one another) that allowed all Tanzanians regardless of their ethnic groups or any other backgrounds to have an equal chance to access free health services, education and all other basic needs such as food, shelter and clothes.

Furthermore, as already been discussed, during colonialism Tanzanians did not have the right to elect the colonial government. The freedom of people regardless of their gender or any other backgrounds to elect their own representatives in

parliament, constituted another significant developmental contribution of Nyerere's Ujamaa to development in Tanzania.

In light of what has been described here and in chapter 2 section 2.3 and 2.3.1, it is right to stress that measuring against slave trade, colonialism and even SAPs, the contribution of Ujamaa on poverty reduction and development in Tanzania was largely in terms of human equality and human rights. As enunciated by Mbogoni, 2012; Shivji, (2009) Ujamaa's major contribution to development in Tanzania 'consisted mainly of the restoration of basic human rights or rather the spiritual development through the principle of human equality.

Apart from equality and human rights (spiritual development), in the effort to reduce poverty in Tanzania, Ujamaa also brought some material / economic development, which can be categorised into four main achievements:

Firstly was the area of social services, which involves education, healthcare, clean water and electricity. In terms of education, Ujamaa through the villagization policy provided free education to all Tanzanians. In terms of healthcare, Ujamaa established free health services to all Tanzanians and health centres / dispensaries in whole country (Shivji, 2009a). Ujamaa, through the nationalization policy also privatized all hospitals, such as Kilimanjaro Community Medical Centre (KCMC), Bugando Medical Centre (BMC), and Muhimbili Medical Centre (MMC), in order to ensure all Tanzanians have free and equal access to health services. In terms of electricity, under Ujamaa the Tanzania Electrical Supply Corporation (TANESCO) was created to supply electricity in the country. Therefore, nationalization and the

creation of all these services and attempts to make them free and accessible to Tanzanians constituted a significant contribution to development to the Tanzanian society (Agyepong, 2010b; Shivji, 2009a).

The second material development brought by Ujamaa was in the area of infrastructure and included the Tanzania-Zambia Railway (TAZARA), airports such as Kilimanjaro International Airport (KIA) and Dar-es-salaam International Airport (DIA), and many interregional roads, which are the only major international infrastructure existed to-date in Tanzania (REPOA, 2015). In the area of telecommunication, the most notable achievement was the establishment of the Tanzania Telecommunication Company Limited (TTCL) and Radio Tanzania Dar-es-Salaam (RTD). When consideration is given to the fact that these services did not exist, it is therefore right to argue that the creation of these institutions, and attempts to make them available to all Tanzanians regardless of their ethnic groups or any other backgrounds, is an instance of development of which all Tanzanians need to be proud.

The third developmental achievement of Ujamaa, was in the financial and the commercial sectors. Through the nationalization policy most financial institutions became state owned, such as the National Bank of Commerce (NBC), the Tanzania Housing Bank (THB), Community and Rural Development Bank (CRDB), the Tanzania Postal Bank (TPB), and the National Provident Fund (PPF). In terms of commerce Ujamaa policies helped to establish National Development Corporation (NDC), and the National Milling Corporation (NMC), to mention but, a few. All of these institutions created during Ujamaa had their own specific contribution to

development in Tanzania. Because even though colonialism established financial organisations such as banks e.g. NBC, the services were not accessible to all Tanzanians. It is, therefore sufficient to say that the establishment of these economic institutions and services represents albeit imperfectly, a great achievement and a significant contribution to the development of Tanzanian society. (Agyepong, 2010a; Shivji, 2009a).

The fourth, developmental achievement of Ujamaa was the measures taken to improve the agriculture sector, which was and still remain the backbone of the Tanzanian economy. For example the construction of the Tanga Fertilizer Plant (TFP), the Ubungo Farm Implements (UFI) and the Ujamaa Village Cashew-Processing Project (UVCPP), (Shivji, 2009a), to mention a few, was a step in the right direction and did contribute significantly to the development not only of agriculture but, also albeit in small extent , helped to improve the general living standards of many Tanzanians as during Ujamaa almost 85% of Tanzanians were employed in agriculture and agriculture sectors (Shivji, 2009a) . Thus, measures taken by Ujamaa government to improve agriculture, helped to improve the quality of lives of many Tanzanians.

All these significant developmental contributions of Ujamaa to Tanzanian society suggest that Ujamaa contributed to reducing poverty in Tanzania.

However, when considering poverty reduction and what development means from both human-centred approach and euro-centric approach or capitalist form of development- i.e. development is equal to material and capital exchange /economic indicators such as country's GDP), then the general consensus regarding Ujamaa

and poverty reduction in Tanzania is that, in some respects it was a success and in other respects it was a failure. This is because the former focuses on human development such as improving local communities' self-reliance, social justice, and participatory decision-making, and the latter focuses on material growth (capital) such as country's GDP.

Ujamaa did not succeed in material/ economic growth because it did not achieve all its objectives for a number of reasons (chapter 2, section 2.3 and 2.31).

In fact, because Ujamaa did not succeed in eradicate material poverty in Tanzania, and it did not eradicate the dependence on foreign powers that was exacerbating the condition of poverty (Agyepong, 2010b; Shivji, 2009a). It is, therefore, the failure on material wealth that mark ujamaa as a failure in its impact on the poverty reduction in Tanzania (Agyepong, 2010b; Shivji, 2009a; Nyerere, 1995).

Ujamaa to failed to achieve its economical objective of eradicating poverty in Tanzania because firstly it failed to disengage itself from the metropolitan bourgeoisie (Agyepong, 2010a). Secondly, Ujamaa failed because, it lacked a popular base and because the socialist principles were not rigorously implemented and enforced (Shivji, 2009a). Thirdly, an adverse balance in international trade, the impact of oil prices crisis in early 1970s and the long period of devastating drought had a large impact (Shivji, 2009a). Lastly, the failure of Ujamaa was due to bad management and the poor implementations of policies, especially villagization and the program of mobilizing people into Ujamaa villages (Agyepong, 2010b) *abid*.

In summary, despite all the significant positive developmental contributions of Ujamaa to the quality of lives of Tanzanians, unfortunately Ujamaa did not completely transformed their lives and move them completely out of poverty.

Nonetheless, as discussed in chapters 2 section 2.5 and chapter 3 section 3.2 after the collapse of Ujamaa in the late 1980's, and adoption of capitalism and the introduction of SAPs have caused Tanzanian society to become even poorer and inequality has increased. Capitalism / SAPs has created a very tiny group of rich people in Tanzanian society whilst the majority are languishing in extreme poverty (*ibid*). This is due to privatization of social services such as health and education (Shivji, 2009a). Hence, as the social security nets and the antipoverty measures have vanished, so all Tanzanians have been forced to sustain themselves, with no free health services or education. Hence, this has exacerbated poverty in Tanzanian society and made them trapped in a 'vicious circle' of poverty (REPOA, 2015).

For a sustainable economic and social development of the country, all citizens must participate in and benefit from the process of growth, not just the richest few. If the majority are left untouched, their capabilities and choices remain limited; and no person is free if they cannot choose and progress (Desai and Potter, 2014)

In light of the discussion above, it is right to argue that poverty in Tanzania can accurately be explained under structural theory of poverty rather than under individualist theory of poverty. It is equally right to say that Tanzanian society was in 'absolute poverty'- during colonialism, then moved to 'relative poverty' during Ujamaa, and then went back to absolute poverty in capitalism and SAPs. This is the situation which Tanzanians are still facing to-date. Indeed, there is no doubt that more Tanzanians are living in absolute poverty now than they were during Ujamaa

as many of them do not even have one meal a day! (MKUKUTA 2015; REPOA, 2014b; Mbughuni, 2010).

Thus, as argued in chapter 2, section 2.5, whilst SAPs under the aegis of the IMF and World Bank enabled Tanzania's GDP to grow modestly, the Human Development Indexes (HDI) fell and poverty increased in most of Tanzanian communities, (MKUKUTA 2015; Ministry of Finance, 2014).

Apparently, the only difference between the colonial political economy and the post-Ujamaa / capitalisteconomy of Tanzania is the external actors who have influential power over the Tanzanian economy. During the colonial period, the main external actors were the colonial powers, while in post-Ujamaa to present, thus have been replaced by international financial institutions such as the IMF, and the World Bank's rules and regulations like SAPs). That is why Hoogvelt (1997:171- in Omary 2008) rightly argues that 'even if the SAPs were not successful in improving the living standards of the masses in African countries, they were very successful in the acceleration of the process of globalization and enhancement of capitalism in many of poorer African countries such as Tanzania. They simply helped to shift the resources from these poorer countries more tightly completely into the service of the capitalist world system' by watching their GDP growth rather than helping to boost human development and eradicating poverty in these societies (*ibid*).

In summary, poverty in Tanzania is mainly caused by the structural failure resulting from the policies prevailing in the country, coupled with poor governance, poor implementation, and corruption. Deficiencies in macro-mechanisms such as high interest rate of international loans (IFM / World Bank), unfair competition in world

markets and the western world capitalist approach to economically weaker countries such as Tanzania. All these have played a major role in enhancing poverty in Tanzania.

### **5.3.2 Conclusion**

Due to structural failures majority of Tanzanians have vulnerable livelihood assets like lack of employment, low productivity and income, lack of better education and health services, which repulse the labour force to the place where they can get better opportunities to secure their household livelihood. Whenever people feel that they are unable to fulfil their needs within their community, they adopt migration as a household livelihood strategy. The aftermath of this is the growing of diasporic communities in the western richest countries, and an increase of remittance flows to Tanzania has become an eminent future. Remittances are sent as a livelihood strategy by which diaspora spread risk and create insurance (de Haas, 2012; Hansen, 2012). In this context, remittances become supplementary income sources for the household in many communities. In so doing, remittances help to improve well-being, reduce poverty, and stimulate economic growth in Tanzanian society (Hansen, 2012; Mercer et al, 2009).

Nevertheless remittances are no panacea for solving structural development problems. Therefore, policies aimed at increasing people's welfare, creating functioning markets, improving social security and public services such as health and education are also likely to enhance the contribution that diaspora and remittances can make to social-economic development of the country.

# Chapter 6

## **CHAPTER SIX**

### **RESEARCH METHODOLOGY**

#### **6.0 Introduction**

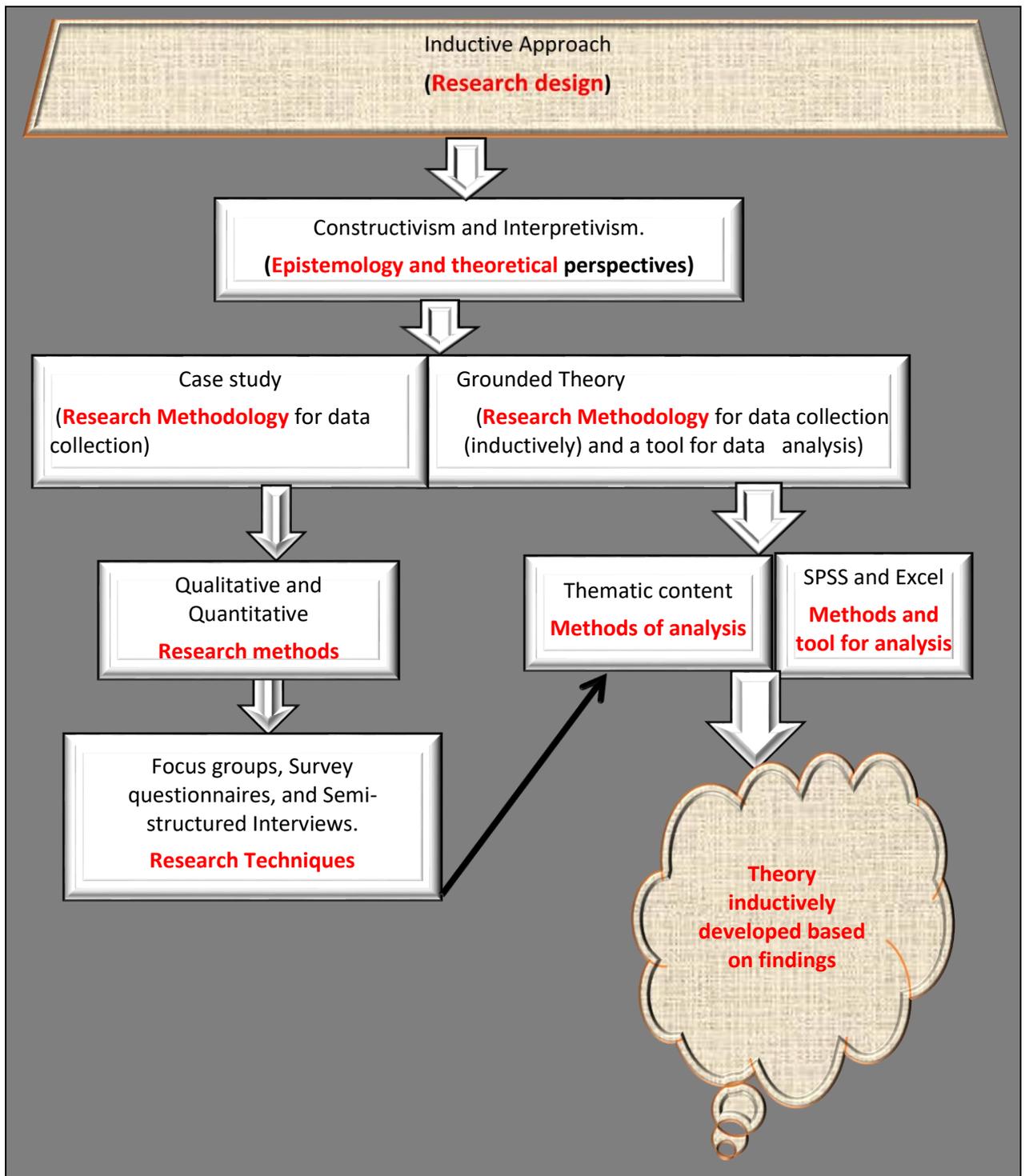
This chapter outlines how the research was designed and conducted. Data were collected from three case studies namely:

- (i) Leicester-based Tanzanian diaspora.
- (ii) Remittance receivers in Tanzania.
- (iii) Tanzania government institutions and other officials.

In particular, this chapter examines the:

- Research design.
- Research methodology.
- Research methods and techniques.
- Ethical issues and considerations.

This research adopted different approaches, methodologies, methods, and techniques as depict on figure 6.1 and 6.6.



**Figure 6.1:** Research design, approaches, methodologies, methods and techniques used in this study.

## **6.1 The Research Design**

This study adopted an inductive research design, which is the approach concerned with the generation of new theory emerging from the data (Saunders et al., 2012). This approach, starts from specific observations (data collected from participants) and leads to broader generalizations and theories. According to Saunders et al., (2012) the inductive approach is the best approach for exploratory research because it allows researchers to start with the observations and theories are formulated towards the end of the research.

The researcher's decision to adopt an inductive approach was taken after conducting the pilot study. An initial analysis of pilot interviews and survey questionnaires showed that it was not suitable for this study to be based on an overall research hypothesis or existing theories (i.e. a deductive research design was not suitable for this research). This is because the focus needed to be on participant views, their perceptions and experiences of remittance behavior and the impact of remittances on poverty reduction in Tanzania (i.e. it is an exploratory research). Hence, an inductive approach was chosen to explore the subject area through the participants' views. The decision to use inductive approach was further supported by the lack of consensus on existing theories regarding remittance, poverty reduction, development and diaspora motives to remit (chapter 5, section 5.1.5). On these grounds, the researcher decided to adopt an inductive approach, which is often used when there is little or no predetermined theory about the study phenomenon.

The advantage of using an inductive approach in this study lies in the establishment of the possibility of what a researcher will encounter. Therefore, the strength of inductive reasoning lies in establishing probability. This perspective also has the advantage of generating rich descriptions of people's experiences or perspectives within their natural settings (Gray, 2014).

However, like many other approaches, this inductive approach has some disadvantages. One of its greatest disadvantages is that it is limited to what the researcher is observing, (i.e. difficulty in generalisation of findings or lack of generalization). This is because conclusions are normally drawn from a particular case study (or object) that the researcher observed. Hence, the findings / results may not be generalizable, i.e. may not apply in a different case study or object.

To overcome the problem of generalization, the data collected does not seek representativeness to achieve statistical generalizability but to explain and predict phenomena based on empirical data (Gray, 2014; Charmaz, 2006). In this sense, an attempt to overcome the problem of generalization of findings in this study, the researcher selected a sample from the three sources and conducted the research on three case studies (*ibid*). In addition, the researcher used mixed methods such as semi-structured interviews, focus groups and survey questionnaires, as well as secondary data (document analysis) to collect data from each case study. This helps to provide in-depth, rich and explanatory data, which is reliable, and more capable of generalization (i.e. capable of explaining the phenomena based on empirical data).

In order to understand clearly, the research design used in this study, it is important to understand where the study is located in terms of a 'paradigm'.

In common usage, a 'paradigm' has been understood as a model (Saunders et al., 2009). However, the term 'paradigm' has a more specific meaning especially when used in relation to social science studies. The meaning of this term was mainly influenced by the work of Kuhn (1962) and has been expanded by others (e.g. Bogdan and Biklen, 1998; Hughes, 2001; Mackenzie and Knipe, 2006; Hammersley, 2007).

Kuhn (1962 -cited in Hammersley, 2007) argued that research approaches should not be based on specific theory but should be based on more 'worldwide views'. Bogdan and Biklen (1998:22) defined 'paradigm' as 'a loose collection of logically related assumptions, concepts and propositions that orient thinking and research'. Hughes (2001) described a paradigm as a way of seeing the world that frames a research topic and influences the way that we think about the topic.

Similarly, Guba and Lincoln (2004: p. 21) describe a paradigm as a 'set of basic beliefs or metaphysics that deals with ultimate or first principles. Paradigm represents a worldview that defines, for its holder, the nature of the world, the individual's place in it, and the range of possible relationships to that world and its parts'. However, Mackenzie and Knipe (2006) summarise the paradigm as 'a theoretical framework'.

From this, it is clear that the researcher's choice of paradigm is important in influencing the methodology that the researcher chooses, and it also shapes the researcher's perceptions.

Generally, research paradigms use three assumptions/philosophies namely 'epistemological', 'ontological', and 'methodological'<sup>13</sup> (Saunders et al., 2009; Crotty, 2007; de Vaus, 2001). In other words, the question of 'which paradigm' is one that extends beyond the choice of methods used in research and is based largely concepts of reality (ontology), and the value we place on what constitutes knowledge (epistemology) as well as the investigative approach researchers consider to be most suited to adhering to those principles (methodology) (Saunders et al., 2012; Denscombe, 2010; Crotty 2007; Bryman, 2004).

Saunders et al., (2007) classified research design into six stages namely philosophies; approaches; strategies; choices; time horizons; techniques and procedures. They presented this classification as 'the research onion' (Figure 6.2). On the other hand, Crotty (2007) narrowed these down to be: epistemology, theoretical perspective and methodology, and methods (figure 6.3).

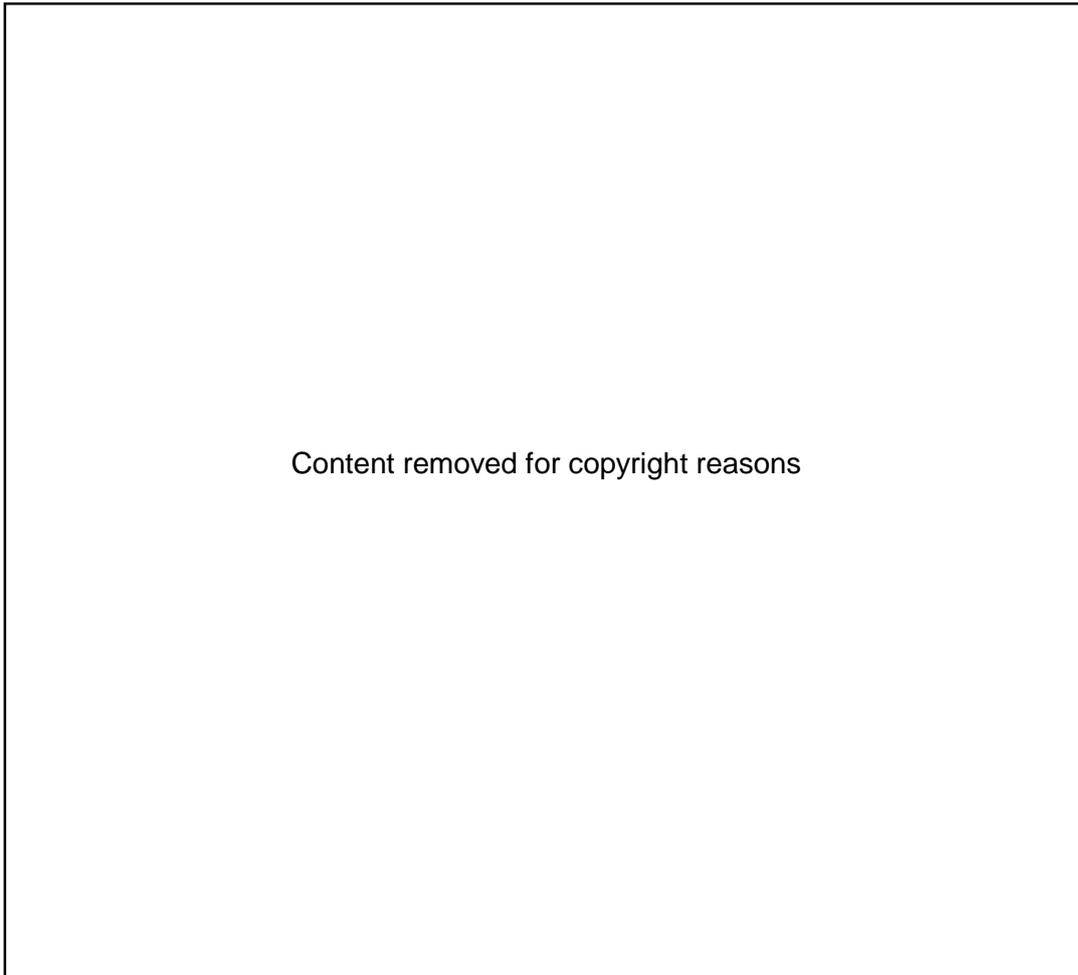
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<sup>13</sup> Epistemology refers to the ways in which the knowledge is acquired and how the social world can be investigated as natural science (Saunders et al., 2009). The assumption underpinning epistemology is that the investigator is independent and is able to study without influencing or being influenced by the object. Ontology is largely based on the questions of our conceptions of reality (Crotty, 2007). Ontologies believed that reality is assumed to 'exist' external to whether it is interpreted or otherwise, reflecting a 'natural order of things' (de Vaus, 2001). Methodology is focused on the specific methods that we use to understand our world better (Saunders et al., 2012).

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Crotty, (2007) is of the view that the justification of the epistemological and methodological choice should relate to the theoretical perspective that underpins the research methods. This study explores four primary elements of research design as

suggested by Crotty, 1998; namely the epistemology, theoretical perspective, methodology and methods (figure 6.3).



The issues related to the epistemology informing the theoretical perspective and the type of methodology governing the choice of methods as shown in figure 6.4.

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In this study 'constructivism<sup>14</sup>' has been adopted as the epistemological perspective and interpretivism<sup>15</sup> as the main theoretical perspective (figure 6.4). This is because both constructivism and interpretivism are consistent with the research question, its aim and objectives (chapter 1).

Creswell, (2014) argues that when interpretivism and constructivism are applied in the research design, the researcher tends to rely upon the participants' views of the situation being studied and recognises the impact on the research of their own

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<sup>14</sup> Constructivism is based on observations, and the knowledge or understanding (theories) is then developed based on the observations. People construct their own understanding and knowledge of the world, through experiencing things and reflecting on those experiences/ observations.

<sup>15</sup> Interpretive approaches relying heavily on naturalistic methods (interviewing and observation). It therefore, allows the researcher to interpret elements of the study, without relying on previous theories. Accordingly, interpretive researchers assume that access to reality (given or socially constructed) is only through social constructions such as language, consciousness, shared meanings, and instruments (Myers, 1997).

background and experiences. Constructivists do not generally begin with a theory rather they generate or inductively develop a theory or pattern of meanings throughout the research process. The constructivist researcher may also rely on a combination of both qualitative and quantitative methods (mixed methods), as is the case for this study.

Therefore, the justification for adopting 'constructivism' and 'interpretivism' in this study is that both of them give the opportunity for a researcher to forge an interpretation of the reality and construct a theory (inductive approach), i.e. they give a researcher the possibility to interpret the information/ data collected and construct a theory (Denscombe, 2010; De Vaus, 2001).

## **6.2 The Research Methodology of this Study**

In this study a 'case study'<sup>16</sup> methodology was adopted for data collection and 'grounded theory'<sup>17</sup> as the research methodology for data collection and as a data analysis tool. Creswell, (2014) refers to this approach as 'grounded-case research'.

This study was located in two places, Leicester, UK and Tanzania. Data were collected from three case studies:

- Case study 1: Leicester-based Tanzanian diaspora (the remittances givers).

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<sup>16</sup> Case study "is an empirical inquiry that investigates a contemporary phenomenon within its real-life" (Yin 1984:23).

<sup>17</sup> Grounded theory is a "theory that is discovered, developed and provisionally verified through systematic data collection and analysis of data pertaining to that phenomenon" (Strauss and Corbin, 1998:23)

- Case study 2: Remittance receivers in Tanzania (the remittance users).
- Case study 3: The Tanzanian government institutions and other officials (e.g. Bank of Tanzania (BoT), Ministry of foreign Affairs, and Research on Poverty Alleviation (REPOA)).

There were no specific incentives given to motivate the diaspora to take part in this study. However, social network linkages (e.g. Facebook) helped to motivate the diaspora to take part in this research.

The researcher is a Tanzanian diaspora individual who settled in Leicester in 2001, and has actively been involved in sending remittances to Tanzania over many years. Whilst it is possible this may have led to bias in sample selection and data interpretation, in fact only four participants were known to the researcher and the rest of them were not. These four people known to the researcher helped to obtain the sample for the focus group discussions through Purposive and Snowball sampling techniques. The sample was selected entirely based on the knowledge and experience of the individual person in this subject (see section 6.4.1(a)). Therefore, most of the participants in focus group discussions were selected by chance and not known by the researcher. Hence, this allowed the researcher to stand back and conduct the study objectively.

The sample for the survey questionnaire was obtained using simple random sampling techniques. The sample was selected randomly from the lists obtained from different sources such as social-cultural groups and community centres (see section 6.4.1(b)).

In addition, the sample for semi-structured interviews with remittance receivers in Tanzania was based on the random selected senders/the diaspora, so effectively they have been selected randomly (see section 6.4.2). All these techniques helped to avoid bias.

### **6.2.1 The Grounded Theory: Guide to Data Collection**

As mentioned earlier, this study adopted a 'grounded theory' as a methodology for data collection and analysis because this theory supports the inductive approach, which was the research design adopted in this study (see section 6.1). Grounded theory has been adopted in because it provides a flexible yet systematic approach to data collection, presentation of findings and data analysis

Grounded theory methodology was first located in the seminal work of Glaser and Strauss (1967) in their book '*The Discovery of Grounded Theory*'. They suggested that in order to carry out a truly inductive study the researcher should start collecting data without reviewing or referring to existing theories. Consequently, theory is built from observation and based on the understanding of the particular investigation, i.e. the inductive approach (Charmaz 2006). Gray (2014) argues that with grounded theory as a tool for data analysis, no criteria are prepared in advance. All the measures and themes come out during the process of data collection and analysis.

### **6.2.2 Case Study as Methodology to Data Collection**

After conducting a pilot study the researcher realised that it was important for data to be collected from three case studies (three evidence sources). This was important because when data are collected from different sources / case studies they allow cross referencing and triangulation of data gathered and may provide a complementary and better grounded understanding of remittance behaviour of the diaspora, as the data collected tend to be in-depth, reliable and the results can be generalized.

Yin (1984 – cited in Yin 2014) in his classic work defines the ‘case study’ “as an empirical inquiry that investigates a contemporary phenomenon within its real-life” especially when the boundaries between the phenomenon and it’s context are not clearly evident (Yin 1984:23). Yin’s (1984) definition acknowledges that the phenomenon and context are not always clearly distinguishable in real-life contexts. The technical characteristics of a case study included in Yin’s (2014) definition suggested that a case study deals with a technically distinctive situation, relies on multiple sources of evidence, and benefits from prior development of theoretical propositions to guide data collection and analysis. Yin (2014) identifies case study methodology as the preferred research strategy when the phenomenon and the context are not readily distinguishable.

Case studies focus on one instance or a few instances of a particular phenomenon with a view to providing an in-depth account of events, relationships, experiences or processes occurring in that particular phenomenon (Creswell, (2014).

The choice of using a case study methodology in this study was made for a number of reasons / advantages. The case study approach has a distinctive advantage over other research strategies when “how” or “why” questions are being posed in an investigation of a current phenomenon, and when the researcher has little or no control over the events or phenomenon under study (Yin, 2014). It offers the opportunity to explain why certain outcomes may happen – more than just find out what those outcomes are (Denscombe, 2010). Hence, case study research is a distinctive research methodology, which presents many advantages to a research study, in particular an in-depth investigation and a deeper understanding of the issues under study (Yin, 2014). Therefore, the main advantage of using case study methodology was its ability to provide detailed, in-depth data, which could otherwise be hard to obtain through other research methodologies.

In addition, case study methodology, can accommodate both qualitative and quantitative data, allowing the researcher to get a rich mix of data for the study, (Yin, 2014). Thus, the case study enables the researcher to use multiple sources of data and a variety of research methods to explore the research questions. These, in turn, foster the validation of data through triangulation (Creswell, 2014). Thus, any findings or conclusions are likely to be more compelling and accurate (Yin, 2014).

All these arguments have supported the use of case study as a research methodology for data collection in this study.

One of the disadvantages of the case study approach is that it is difficult to generalise the results. To overcome this, in this study, the researcher ensured that the sample set for the study could enable a researcher to generalize the findings. As Yin (2014), argues, generalization of findings in the case study approach can depend

on the parameters and objectives of the study. Therefore, parameter establishment and objective setting of the research are far more important in the case study method than a big sample size.

Moreover, a combination of research methods (qualitative and quantitative) were used to collect data from the three case studies help to overcome the problem of generalizability (see sub-section 6.3 and 6.4).

### **6.3 Research Methods**

Creswell, (2014) and Saunders et al., (2012) argue that the nature of any research problem should drive the methodology adopted. Being an exploratory study, the nature of this study is such that it employed both qualitative and quantitative research approaches. Whilst the quantitative methods allow the description of the characteristics of a population and to quantify variation, the qualitative methods, on the other hand, describe individual experiences, explain relationship, variation and group norms.

Therefore, due to the complex nature of the subject matter under study, a combination of quantitative (e.g. survey questionnaires) and qualitative (e.g. focus groups and semi structured interviews) methods of data collection were used in this study in a complementary way (table 6.1a and 6.1b). The rationale for triangulation was to bring a more representative and in-depth case elaboration and to help in generalizability of data. Methodological triangulation is a powerful technique that facilitates validation of data through cross verification from two or more sources. In

particular, it refers to the application and combination of several research methodologies in the study of the same phenomenon, (Saunders et al., 2012; Denscombe, 2010).

According to Creswell (2014), a researcher can be much more confident about the validity of the findings when they are supported by multiple and complementary types of data.

**Table 6.1a: Methods and techniques used in data collection from the three case studies**

Type of Data	Research methods	Research Techniques	Case study 1 Leicester-based Tanzanian diaspora	Case study 2 Remittances receivers in Tanzania	Case Study 3 Tanzania Government Institutions and Officials
<b>Empirical (primary) Data</b>	Qualitative Data	Focus group discussions ( <b>FGD</b> )	✓		
		Semi-structured interviews ( <b>SSI</b> )		✓	✓
	Quantitative Data	Survey Questionnaire ( <b>SQ</b> )	✓		
	<b>Secondary Data</b>		✓	✓	✓

**Table 6.1b: Major sources of secondary data**

Data Type	Research Techniques (major sources of data)
Secondary Data	Books, websites/ online materials
	Diaspora organisations reports
	Postal Bank –remittances
	Bank of Tanzania- remittances
	Tanzania-Ministry of home affairs and Ministry of Foreign affairs -migration reports
	IOM reports
	World Bank reports

## **6.4 Research Techniques used for Data Collection**

As shown table 6.1 (a) and 6.1 (b), different research techniques were used to collect data from the different case studies.

The data for case study one (Leicester-based Tanzania diaspora) was obtained by using both quantitative (survey questionnaire) and qualitative approaches (focus groups). For case study two the qualitative approach (semi-structured interviews) was used to obtain data from remittance receivers in Tanzania. Similarly, for case study three, data were obtained through the qualitative approach (semi-structured interviews) with government and other officials in Tanzania that including Bank of Tanzania (BoT), University of Dar es Salaam, International Organisation for Migration Tanzania (IOM-Tanzania), Ministry of Foreign Affairs and International cooperation (Diaspora and Development Department), and Research on Poverty Alleviation- REPOA.

### **6.4.1 Case Study 1: The Leicester-based Tanzanian Diaspora**

The views, experiences and perceptions of the Leicester-based Tanzanian diaspora were a main focus of this research. This case study was chosen because, as mentioned earlier in chapter one, there is a significant concentration of Tanzanian diaspora living in Leicester, and they are actively involved in sending remittances to Tanzania. The research techniques used for data collection were:

- (a) Focus group discussions and,
- (b) Survey questionnaire

### **6.4.1 (a) Focus Group Discussions (FGD)**

A focus group is a form of 'interview technique' (Denscombe, 2010). Focus groups, however, differ from other forms of interview techniques in the sense that attention is given to analyzing 'group interaction' rather than individual answers (Saunders et al., 2012; Denscombe, 2010).

A focus group can serve as the only research method, or as is often the case, it can be used in conjunction with other methods such as survey questionnaires or individual interviews. This helps to increase the validity of the data (Saunders et al., 2012).

Focus group discussions rely 'on the strengths of qualitative methods, including exploration and discovery, understanding things in depth and in context, and interpreting why things are the way they are and how they got that way', Morgan (1998:31). As such, focus group allows flexibility and openness. The research data that comes from the group discussions is normally reflective of the quality of questions or stimuli materials that the researcher has endeavored to produce (Saunders et al., 2012).

### **Sampling Techniques**

Sampling is a process of selecting a representative and unbiased part of the population in order to 'glean information' about the subject under study (Corbetta, 2003: 210). Saunders et al., (2009) demonstrated the different sampling techniques that can be used in both qualitative and quantitative research (figure 6.5).

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### **Sampling Techniques for Focus Group Discussions: How the Sample was Obtained?**

After revising different sampling methods, the researcher decided to use non-probability, 'purposive sampling technique' which is also known as judgmental sampling (figure 6.5) to recruit participants for focus group discussions. The approach was extended by the use of quota and snowball sampling techniques

(figure 6.5). Quota samples are those that occur by the nature of availability. In this case the researcher had access to community centers which gave the opportunity to meet members of the Tanzanian diaspora. The snowball sampling technique was used to encourage participants to invite others and widen the sampling net further (Bryman 2004; De Vaus 2001). The advantage of using these sampling methods was the ability to focus on particular characteristics of the population in particular those who hold the knowledge of the subject under study. Therefore, those who were selected had the best knowledge/experience that enabled them to answer the research questions. The sample being studied therefore involved people with the best knowledge/ experiences/ views of the subject under study. This helped to obtain rich, in-depth and valid data.

### **How data were collected: Focus Group Discussions**

At the start of the study, the researcher was familiar with four members of the Tanzanian diaspora who work at the same community centre as the researcher in Leicester. Each one of was actively involved in sending remittances to Tanzania. The researcher approached these four colleagues because they were representative of the targeted participants. All four colleagues were Leicester-based Tanzanian diaspora, with differing backgrounds. For example, the first and second colleagues (potential participants) were black people with differing religious beliefs 'a Christian and a Muslim'. A third colleague (potential participant) was an Asian of Hindu religion, and the fourth participant was a mixed race (Arab and Black), born into a Muslim family but he argued that he does not care about the religion and had never practised any religion in his life.

This opened the door to other Tanzanian diaspora who might be willing to take part in the study. The researcher asked the first four potential participants to provide the names and contacts and to invite others who were willing to participate in this study. These contacts were then approached by the researcher and requested to participate in the research. It was felt that there was no need to determine the number of participants at this stage (i.e. beginning of the research), because the aim was not to generalise the findings. As argued by Charmaz, (2014) and Denscombe, (2010) that qualitative methods require a small, purposive sample for rich and reliable data. This is because in qualitative research the focus is on the quality of data obtained from the participants, rather than on the size of the sample.

A total number of 64 people from the Leicester-based Tanzanian diaspora were approached, four dropped out for various reasons and only 60 participated in the focus groups. Six focus group discussions were conducted in 5 different areas of Leicester city; St. Matthews, Highfield, Belgrave, Beaumont Leys and Evington where most of the Tanzanian diaspora reside (table 6.2). These are areas with high numbers of Tanzanian diaspora and as a result it was easy for the participants to reach the discussion centres. Each focus group comprised of 8-11 participants. Out of 6 groups, the first, second, third and fourth groups were composed of 8, 10, 10, 9 participants respectively; these were older participants (25 years old and above) with different ethnicity (Black, Arabs, Asians and mixed race Tanzanians), religion (Muslims, Christians, Hindus) and gender. The fifth group was comprised by 12 young people aged 18-25 years old with different gender. The sixth group was composed by 11 participants with different age groups (18- 65 years old) and

different religious beliefs (i.e. Muslim n=3, Christian n=4, Hindu n= 4). Each session lasted for about an hour to an hour and a half.

**Table 6.2 Focus group discussions schedule and codes.**

	<b>Focus Group Discussions number</b>	<b>Location with Leicester city</b>	<b>Codes</b>	<b>Dates for Focus Group Discussions</b>
<b>Focus Group Discussion (FGD)</b>	FGD 1	Highfields	FGD1 =H	11 February 2014
	FGD 2	Beaumont Leys	FGD2 =BL	27 February 2014
	FGD 3	St Matthews	FGD3=st M	09 March 2014
	FGD 4	Evington	FGD4 =E	17 March 2014
	FGD 5	Belgrave	FGD5 =BG1	03 April 2014
	FGD 6	Belgrave	FGD6 =BG2	29 April 2014

After briefing the participants (see appendix 5), the questions related to the objectives of the study were asked in each focus group discussion in order to prompt the discussion. The questions were used to guide the discussions and were expanded as the researcher tried to get richer data from the participants (see appendix 4). Some of the questions were:

- What remittances do you send to Tanzania?
- Who do you send remittances to?
- How do you send remittances to Tanzania?
- Why are you sending remittances to Tanzania (what are the uses of the remittances you send to Tanzania)?
- Any problems sending remittances?
- In your opinion, how can you overcome those problems?

- Participants were also randomly asked to provide confidential biographic data on marital status, number of children/dependents, their employment status, and religious beliefs; with the aim of checking whether or not these variables affect their answers/remittance behaviour.

Before the focus group discussions took place, these guided questions were tested in pilot interviews with 5 Tanzania diaspora, but as they did not take part in the final session, were not included in the sample of 60 participants involved in this research. The aim of the pilot study was to check the validity and usefulness of the guided questions i.e. if there were able to prompt answers valid for the research objectives. There were no changes made to questions, but the researcher realised that it was necessary to have the focus group based on religion beliefs of participants, as religious reasons were deemed to have had an effect on diaspora's remittance behaviour. Consequently, one session of the focus group discussions was composed of members of the Tanzania diaspora of differing religions (Muslim, Christian, and Hindu). The researcher liaised with some religious leaders of three religions Islam, Christian and Hindu based in Leicester in order to get access to Tanzanian diaspora from these religious groups.

The size and multiple sessions of the focus group discussions allowed the researcher to produce valid and rich data because the researcher found interaction with the participants congenial and could pose follow-up or probing questions. The small groups of 8 to 12 were easier to recruit and host. As Morgan (1998) rightly argued, whilst one to two sessions of focus groups are too low to produce a valid representative result, four to six sessions with the maximum of 10-12 participants are

ideal especially if the purpose of the study is to gain an understanding of people's attitudes and/or experiences.

Moreover, due to the anecdotal nature of responses from focus group discussions (i.e. responses are from the smaller sample) - the best way to combat this was by running multiple focus group discussions (6 focus group discussions were conducted) and recruiting the maximum number of participants. This was useful because it allowed the researcher to compare discussions for points of convergence, divergence and new insights (Charmaz, 2014; Denscombe, 2010). The focus group discussions allowed the researcher to learn how different groups think and feel about a topic and why they hold certain opinions. Also information gathered through this helped to deepen understanding and explain statistical data gathered from the survey.

#### **6.4.1 (b) Survey Questionnaire**

A survey questionnaire was also conducted to collect quantitative data from case study one (Leicester-based Tanzanian diaspora). The survey started on 21st October 2013, and the closing date was 31st January 2014. The aim of this survey was to gather quantitative data that explained the motives behind remittance behaviour and whether remittances were perceived to have an impact on development and poverty reduction in Tanzania, (appendix 3).

## **Sampling Techniques for Survey: How the Sample was Obtained?**

For quantitative research, a clear and precise definition of the target population is necessary to ensure that the population of interest is adequately covered (Charmaz, 2014). This research used records of UK Tanzanians available from the local community centres such as the African-Caribbean Centre, East African-Asian communities' centres and Swahili group based in Leicester City to determine the population for study and for establishment of the sample frame. The researcher also attempted to get the records of Tanzanians who live in Leicester from local government official data such as Leicester City Council and National statistical data. The researcher did not find very useful the information obtained from these sources (National statistical data nor from local government / Leicester City Council websites) despite the help from officers from Leicester City Council. This was because Tanzanians who live in Leicester (and in the UK in general) are classified under Black ethnic minority or East African migrants. Hence, statistics or any specific information regarding Tanzanians in the UK (or in Leicester in particular) were not visible in data from these sources.

The researcher made a request to several Leicester-based community centres, associations and socio-cultural groups (e.g. African-Caribbean Centre, East African-Asian communities' centres) to access the records and contacts of Tanzanians who live in Leicester. There were some problems, especially regarding data protection issues, but after the centres and associations obtained the consents from their clients, finally the researcher managed to get a permission to access the records of some Tanzanians. Due to ethical consideration issue (i.e. privacy) the researcher ensured that all people on the records gave their consent prior to participation in this

study (appendix 2). From this source the researcher had a sample of 392. I.e. n=392 (table 6.2).

Through these records the researcher obtained online contacts such as email addresses and Facebook accounts. This added the potential of using online resources (email and Facebook) to build up a sample frame and distribute questionnaires.

The on-line resources (e.g. Facebook and Instagram) were also used to further identify the sample for the study. The researcher used her own Facebook account to invite several Tanzanians who live in the UK (random selection). The majority of them were members of certain online Tanzanian groups in the UK such as the Chagga Group, the Wakwetu group, the Tanga-line group, the Tanzanian-women-diaspora, and the Swahili-on-line group. The researcher used these as a sample frame whereby more than 453 Tanzanian diaspora living in Leicester were identified. I.e. n= 453 (table 6.3)

The sample frame included female and male Tanzanian diaspora aged between 18 to 60+ years. The total sample from all sample frames / sources was 845 (n=845), from which a sample of 410 were drawn (Table 6.3).

**Table 6.3: How the survey sample was obtained**

Sources	Population: Tanzanians Identified from different sources.	Total population	Sample drawn
Leicester-based-Tanzanians community centres, associations, and social cultural groups	392	845	410
On line sources	453		
National statistic records, Leicester city council records	0		

## **Sampling Techniques: How the respondents were selected?**

A stratified sampling technique known also as disproportionate stratified sampling was used to obtain respondents to whom questionnaires were administered. Stratified sampling is a probability sampling procedure in which the target population is first separated into mutually exclusive strata or segments, and then a simple random sampling technique was used to select respondents from each stratum (Denscombe, 2010; Charmaz, 2006). The samples selected from each stratum were then combined into a single sample.

Both stratified and simple random sampling techniques were considered appropriate for this study to select the sample for survey because this technique tends to produce a more representative sample of a population (Patton, 2002; Saunders et al 2012). In particular, simple random sampling gives an equal chance of each unit (people/ Tanzanians) in the population to be selected, and stratified sampling also helps to ensure that elements from each stratum in the population are represented in the sample proportionately (Creswell, 2007). Strata used for this study sample were gender, ethnic group and age.

## **Characteristics of the Survey Questionnaire Sample**

The sample of the survey questionnaire included female and male respondents aged between 18 to 60+ years. The sample also include people with different religious beliefs and ethnic backgrounds. Table 6.4 better depicts the characteristics of the sample collected. Strata used were ethnic group, age and gender. The questionnaires were administered to a total sample of 410 people.

**Table 6.4 Demographic characteristics of the sample**

		Characteristics of the received sample	Total number	Percentage
		<b>Total Sample of responses received- 289 = (70.5% response rate)</b>	<b>Male</b>	
<b>Female</b>			116	40%
Originality	Rural Tanzania		78	27%
	Urban Tanzania		211	73%
Age	20-29		87	30%
	30-59		165	57%
	60+		37	13%
Ethnicity	Black		179	62%
	Asian		61	21%
	Arabs		40	14%
	Mixed race		9	3%
Religion	Muslim		113	39%
	Christian		92	32%
	Hindu		35	12%
	Other religion		49	17%
Employment Status	Employed		107	37%
	Self employed		171	59%
	Unemployed		11	4%
Marital status	Married (with children)	161	56%	
	Married (no children)	29	10%	
	Unmarried (with children)	72	25%	
	Unmarried (no children)	27	9.01%	
Education level	Higher education	208	72%	
	Ordinary/basic education	81	28%	

## **Data Collection: Survey Questionnaires**

Unlike focus group discussions, with a survey questionnaire there is no opportunity to ask the respondents to clarify their answers. Therefore, it was important to ensure that all questions contained in the questionnaire were written in a simple, clear manner with no ambiguities. This was important because easy-to-understand questions help the respondents to provide answers relevant to the data required.

The design of the questionnaire for this study was based on what O'Leary, (2004) suggests is a characteristic of a good questionnaire that the layout of a questionnaire must be presented in an interactive style, be easy to read and pleasant on the readers' eyes. The sequence of the questions should be easy to follow, and should not be too long.

To ensure that the questionnaire used for data collection in this study met these criteria, the following steps were taken into account:

- Questions were constructed in a clear logical layout and design.
- The questions were mainly comprised of closed-ended questions because open-ended questions require more time for respondents to provide the answers and may put off the respondent's desire to complete the questionnaire. The other reason is that open ended questions tend to provide information that is hard to code and analyse due to the descriptive nature of the information. Examples of types of closed-ended questions used in this survey were:
  - Yes/No types of questions?
  - Indication of percentage e.g. what percent of your income do you send home?
  - Mark the correct category / answer e.g. how frequently do you send remittances to Tanzania? (a)every six months (b) once a year (c) occasionally.

After designing the questionnaire (appendix 3), the questionnaire was piloted. The pilot study was conducted one month prior to the start of the distribution of the questionnaire. The aim of the pilot study was to ensure content validity and to test

the adequacy of a questionnaire. The pilot study also helped to assess the feasibility of a full-scale survey. The piloting was conducted locally and involved 12 of the Tanzanian diaspora who were randomly selected.

The following changes were made to the questionnaire based on the feedback from the respondents of pilot study:

- Specific categories were inserted, e.g. education levels – basic, further, higher education.
- Some questions were added e.g. about religious beliefs, - what is your religion? Do you send remittances during your religious festivals?
- The word 'portion' was replaced with 'percentage' e.g. what portion (changed to what percentage) of your income do you send?

After the modification of the questions, the total number of 410 questionnaires were administered to Leicester-based Tanzania diaspora through different modes as detailed below.

### **Administering of Survey Questionnaires**

As shown in table 6.5 below, an online-survey questionnaire distributed through email was used as a main method of quantitative data collection. This was due to its ability to provide access to a large population with low cost. However, it was necessary to also use other modes (i.e. face to face and traditional post mail questionnaire) in order to facilitate response and speed up the response rate.

Out of 410 questionnaires sent out, two hundred and eighty-nine (289) responses were received a 70.5% response rate. Table 6.5 shows the response rate from each mode.

**Table 6.5 Modes of administration, questionnaires sent and responses received.**

<b>Modes of survey Administration</b>	<b>Number of Questionnaires sent</b>	<b>Number of Questionnaires received</b>
Email	244	178
website	28	12
Personal/Face to face	92	87
Post mail	46	12
<b>TOTAL</b>	<b>410</b>	<b>289</b>

The practical combination of an online survey and other survey modes (i.e. post mail, face to face modes) helped to obtain high response rates. As Morgan, (1998) and Charmaz (2006) point out that a mixed-mode survey is the best way of gaining high response rates. For example, the face-to-face mode, the researcher physically met the respondent normally at the community centres, religious centre or at a cafe. The researcher managed to get up to 15 questionnaires done in one day. Although this was very time consuming, it enabled the researcher to obtain high response rates due to the questionnaire distribution on a personal basis. An additional benefit of this mode was that respondents could receive help with completing the questionnaire if necessary (i.e. further clarification of questions).

Post and emails survey modes helped with easy distribution of questionnaire and allowed respondents to complete questions at their own pace and without time pressure.

The data obtained from this survey complemented findings from the focus group and helped to obtain a better idea of individual opinions towards remittances sent to Tanzania.

A significant advantage of using a questionnaires survey for this study was to collect larger amounts of data in a shorter time scale in comparison with individual interviews.

This survey highlighted interesting cases which were approached in further data collection stages (case studies 2 and 3) and thus supported the purposive/ judgmental sampling approach of interviews (in case study 2 and 3).

#### **6.4.2 Case Study 2: Remittance Receivers/Users in Tanzania**

In order to get information regarding the actual impact of remittances in Tanzania, this study also collected data from people in Tanzania who received remittances from Leicester (the remittances receivers/users) through semi-structured Interviews. The interviews took place from 05<sup>th</sup> July 2014 to 13<sup>th</sup> September 2014.

## **6.4.2 (a) Semi-Structured Interviews in Tanzania.**

### **Sampling Techniques: How the sample was obtained?**

To identify the remittance receivers in Tanzania the researcher tracked several specific remittances sent out from Leicester to families in rural and urban areas of Tanzania, identified in case study one. Therefore, based on the random selected senders of remittances/ the diaspora, the sample of the remittance receivers was effectively obtained randomly using simple random samplings techniques. The advantage of simple random sampling was that each person had an equal chance of being selected (Saunders et al., 2012). The researcher selected randomly the remittance sender from case study one (the Leicester-based Tanzanian diaspora) and asked for consent to contact their remittance receivers in Tanzania. This helped to build up the sample frame comprised of 250 people, whereby the sample of 180 was then drawn using purposive sampling technique. Semi-structured interviews were carried out with only of 160 people, because due to various reasons, 20 participants could not manage to be involved in this study (table 6.6).

The main reason for using the purposive sampling technique in this study was because it to enable the researcher to focus on particular characteristics of a population that are of interest. In this case study the researcher focused on the remittance receivers/users in Tanzania who were best able to answer the research questions on the remittances process and what the remittances were used for in Tanzania.

**Table 6.6: How the sample of interviews was obtained**

Sources	Population of remittances receivers in Tanzania.	Sample drawn from remittances receivers in Tanzania.	Sample with whom the Semi-structured Interviews were carried out.
Leicester-based Tanzanian diaspora	250	180	160

### **Data collection: Semi-structured Interviews with Remittance Receivers in Tanzania**

The researcher decided to use semi-structured interviews with the sample of remittance receivers- this is a research technique which allows an exploration of issues in depth way through verbal communication between the researcher and participants (Denscombe, 2010). Interviews can provide insights that are not available to researchers working with large samples and are known to be the most suitable approach when seeking rich data illuminating the individuals' experiences and attitudes (Braun and Clark, 2006; Denscombe, 2010).

Although there is a range of approaches to interviewing including that of completely unstructured interviews , in which the participant is allowed to talk freely about whatever they wish to structured interviews, in which participants responses are limited to answering direct questions (Denscombe, 2010; Patton, 2002). In this study, the researcher adopted a semi-structured interview technique (rather than structured

or unstructured interviews) to collect data for case study 2 because it allows the use of open-ended questions. It is also flexible and allows a more natural unrestricted involvement. Hence, the interviewees shared their stories freely, and the researcher could explore further into the participants' experiences in relation to the remittances they received from Leicester. This helped to provide rich, in-depth data.

The interview questions were developed in advance and interviews were conducted mainly in the Swahili language, the Tanzanian national language as this was easier and more comfortable for interviewees. The interviews were conducted by using two different interview techniques (table 6.6):

- (i) Face-to-face interviews- between the researcher and interviewees, conducted in different regions of Tanzania. These were Dar es Salaam, Unguja, Pwani, Morogoro, Tanga, Kilimanjaro, Dodoma, and Arusha (figure 2.1). Using this approach, two sessions were conducted in Dar es Salaam, and Kilimanjaro regions with one each in the other regions of Unguja, Pwani, Morogoro, Tanga, Dodoma, Singida, and Arusha (figure 2.1). The number of interviewees varied from 4 to 6 from each region, with a grand total of 57 people interviewed. The study also involved face to face interviews with 7 community organisations/ charities leaders/managements across the country. The interviews took place at hotel conference rooms and at community centres, where 22 participants were interviewed.

The greatest advantage of using this interview technique was its ability to allow the use of both verbal and body language signs that can tell a lot

about a person's personality, intentions or views. However, it was difficult in terms of time and money to cover the wider geographical areas of Tanzania by relying on this technique. Therefore, the researcher adopted other techniques in order to overcome this disadvantage.

- (ii) Telephone interviews. The researcher adopted this technique in order to access remittance receivers in the wider geographical area of Tanzania. It also enabled the researcher to contact hard-to-reach populations that might be difficult to work with face-to-face e.g. rural-interior Tanzanians, or/ and mothers with little children. This technique also allowed flexibility both to researcher and participants. So the interview could be conducted at a time that suited both interviewer and interviewee. Lastly, this technique allows the researcher to access to dangerous or sensitive sites. Therefore, with telephone interviews, the researcher interviewed people living in sensitive / dangerous areas without grappling with the danger of visiting the interviewee in the area.

Due to the widespread use of mobile phones in Tanzania, this provided potential contact with receivers/ interviewees. According to the Biztechafricatanzanian-phone-users (2014), 69% of Tanzania rural population and 79% of urban population are using mobile phones. Therefore, it was fairly easy to reach the participants through mobile phone contacts.

Telephone interviews were conducted mainly in rural / interior areas of Tanzania as well as in urban areas of Mwanza, Kigoma, Shinyanga, Ruvuma, Rukwa, Iringa, and Pembe-Chakechake (figure 2.1). A total

number of 81 interviewees were reached and managed to provide valuable, rich data for this research (table 6.7).

**Table 6.7. How the interviews were conducted**

Interview technique	Interviewees	Number of interviewees
Face-to-face	Individuals	57
	Charities/organisations	22
Telephone interviews	Individuals	81

The interviews were guided by questions that attempted to explore the uses of remittances in Tanzania and their effects on poverty reduction. Most of the questions asked were open-ended in nature, for example:

1. Tell me about your experiences on receiving remittances from Leicester, UK?  
Probe: what remittances do you receive? How often?
2. What method(s) do you prefer to receive remittances by?  
Probe: formal –Western Union, Dahabshiil, World-remit, BANK. Inform- through people travelling from UK, when the people who send remittances to you come for the visit here in Tanzania?
3. What are the main issues on receiving remittances?  
Probe: any difficulties? I.e. distance to services, extra charges?
4. What are the main uses of the remittances you received from Leicester?  
Probe: health expenses, daily consumption-food/drinks, clothes, education expenses?

5. How do remittances received help to reduce poverty?

Probe: you can speak on your own experiences or what you have seen from others who received remittances from the UK.

At the beginning of each interview, the researcher introduced herself to the interviewees stating her name, position, institution she was from. The researcher also explained the aim of the research, the participant's rights, issues regarding confidentiality and data protection. This brief introduction was followed by asking the interviewees to introduce themselves and confirm that they received remittances from Leicester. This helped to create an informal atmosphere to conduct the interview and facilitate the interaction with the interviewees. All interviews took place within the interviewees' organisation and lasted between 30 - 90 minutes. All interviews were recorded with a permission of participants. At the end of the interviews, all interviewees were thanked deeply and promised to be supplied with a report of the research results. All interviews were transcribed, analysed and discussed in the next chapters.

### **6.4.3 Case Study 3: Tanzanian Government Institutions and Other Officials**

In case study three (Tanzanian government institutions and other officials) data were collected through:

(a) Semi-structured interviews.

The interviews took place from 23<sup>rd</sup> September 2014 to 17<sup>th</sup> October 2014.

(b) Secondary sources (document analysis).

The secondary sources used in this study ranged in date from 1960 to 2015, because before 1961 the country was under colonialism, so migration, diaspora and remittances were of different characteristics.

### **6.4.3(a) Semi-structured Interviews with Tanzanian Government Institutions and Other Officials**

In this case study data the researcher obtained the participants through purposive and snow-ball sampling techniques. As mentioned earlier, the main reason or advantage of using these sampling techniques was that they allow the researcher to obtain the sample which has the knowledge/ experiences and abilities to provide in-depth reliable answers to research questions (ibid). To begin with the researcher approached the Ministry of Foreign Affairs International Cooperation (Diaspora and Development Department) where she managed to obtain information regarding other government officials who are involved with inward remittances in Tanzania.

As a result, semi-structured interviews, with government institutions and other officials in Tanzania involved the Bank of Tanzania (BoT), the International Organisation for Migration Tanzania (IOM), the Ministry of Foreign Affairs and International cooperation (Diaspora and Development Department), and the Research on Poverty Alleviation- REPOA, Tanzania Entrepreneurs Development Association- TEDA, and academics from University of Dar es Salaam.

The researcher interviewed 4 officers from BoT, 2 officers from IOM-Tanzania, 3 officers from the Ministry of Foreign Affairs, 2 lecturers and one senior researcher from the University of Dar es Salaam, 2 researchers from REPOA, and 2 from TEDA. All interviews were face-to-face and recorded, conducted in English, and

were held at the interviewees' working places. The interviews lasted for 30-45 minutes.

The researcher used open-ended questions to obtain data regarding the type of remittances received from Leicester, the amount of remittances received yearly/monthly, and what were the main methods of receiving remittances from Leicester. What role remittances play in poverty reduction and development of Tanzanians society and what role the Tanzanian government plays in harnessing remittances sent by Tanzanian diaspora from the UK (and elsewhere) to Tanzania were also investigated.

#### **6.4.3 (b) Secondary Data (Document Analysis)**

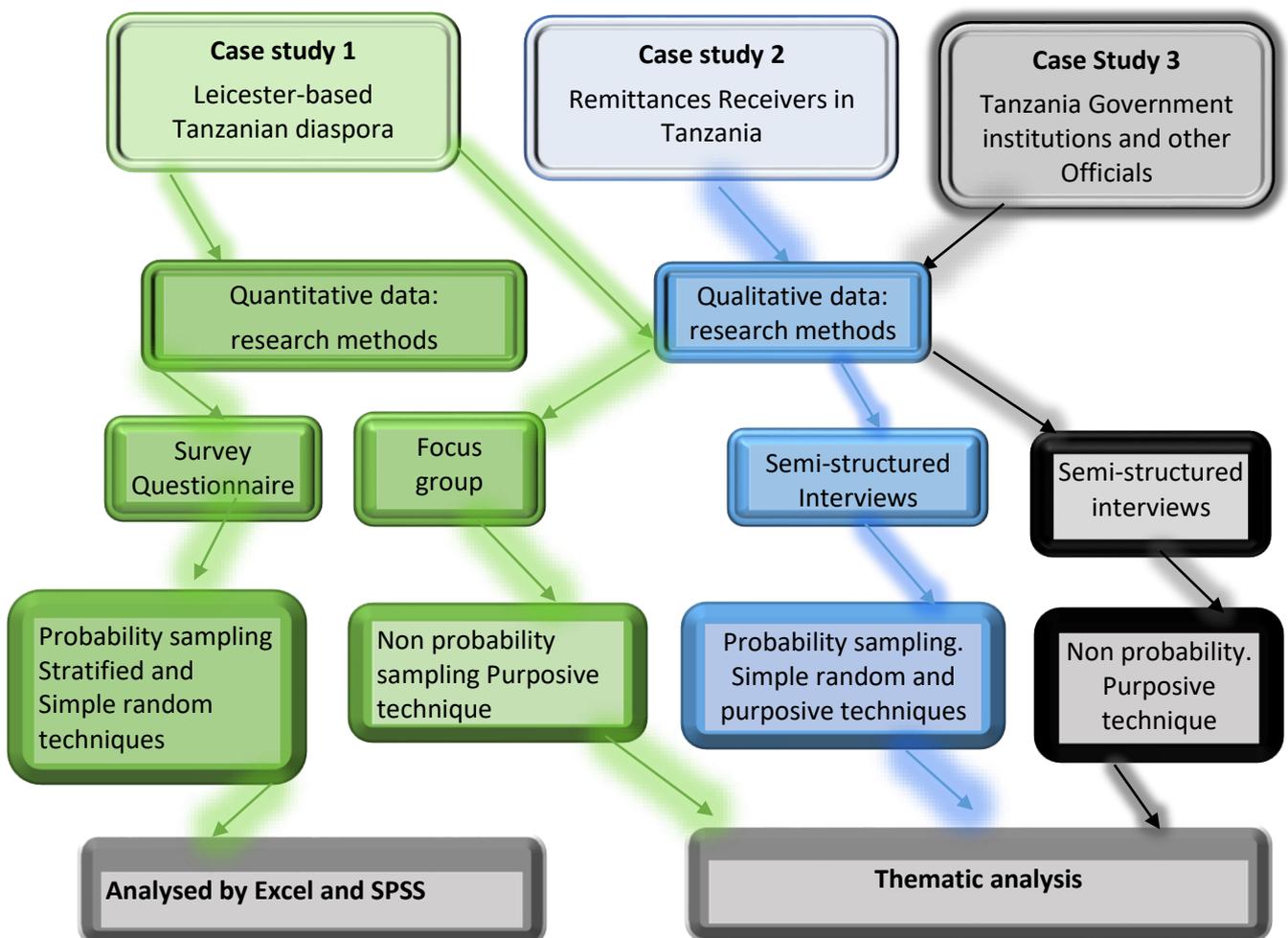
Apart from using the above three methods of data collection to obtain primary data, the study also benefited from the use of secondary sources -documentary analysis. A range of documents were analysed to corroborate the evidence from primary sources obtained from interviews, focus groups and survey questionnaires. The secondary sources used in this study ranged in date from 1960 to 2015 and included:

- Policies and regulations for sending and receiving money in the UK and in Tanzania.
- Reports and articles on Tanzanian migration, diaspora and remittance monitoring organisations such as IOM and World Bank- Migration, Bank of Tanzania, REPOA, the Tanzania Ministry of Foreign Affairs- Remittances department.
- Newspapers, journals, articles and books.

- Information available on diaspora organizations' websites such as [www.tanzaniandiaspora.org](http://www.tanzaniandiaspora.org) and [www.Tanzanianwomenuk.com](http://www.Tanzanianwomenuk.com).

Primary data provided first -hand evidence as a means of discovering new facts as well as authenticated ones from documented secondary sources.

Figure 6.6 shows research methodologies, methods, techniques, sampling techniques and methods of data analysis adopted and used in this study.



**Figure 6.6:** Research methodologies, methods, techniques, sampling techniques and methods of data analysis adopted and used in this study.

## **6.5 Data Analysis: Grounded Theory as Data Analysis Tool**

In this study grounded theory analysis was used for the qualitative data (focus groups and interviews data). Grounded theory methodology provides guidelines for data analysis consisting of coding, comparisons between data, memo writing and theoretical sampling (Bryman, 2008; Charmaz, 2006).

However, presenting a unified picture of grounded theory is not easy because the approach has developed in different directions since Glaser and Strauss' (1997) work was first published (Bryman, 2008). In this section, therefore, the researcher seeks to highlight some of the key features of grounded theory, whilst recognising that considerable variation exists in practice.

This study used grounded theory because it provides a flexible yet systematic approach to data collection, presentation of findings and data analysis. Such an approach relies on a number of key features, including:

1. Data collection based on the idea of 'theory building' (no predetermined theory) as opposed to 'theory testing' (where the researcher imposes their own theories/hypothesis) starting out with limited predetermined theory (Charmaz, 2006), see table 6.1.
2. Grounded theory can involve multiple data collection methods which including both qualitative (e.g. interviews) and quantitative (survey questionnaire), as well as document analysis (secondary data). Hence, offering the possibility of

triangulation of sources and aiming to gather 'in-depth data (Charmaz 2006). The ability to provide the continuous interplay between data collection and analysis (Charmaz, 2014; De Vaus, 2001).

3. Grounded theory adopts a coding approach to qualitative data analysis. This is a process in which the researcher derives and develops concepts from the data (Corbin and Strauss 2008). Activities, happenings or events in the raw data are treated as indicators of some phenomenon which is then given a conceptual label, called a code. As analysis continues, the researcher looks for other instances in the data that seem to be examples of the same phenomenon and codes them accordingly. Therefore, grounded theory allows the researcher to use explicit coding procedures to provide rigorous data analysis protocols (Denscombe, 2010). The researcher critically analysed the similarities and differences of the formed categories with the aim of finding out the actual meaning of the data. The themes emerged are depicted on tables 6.7, 6.8, and 6.9.

### **6.5.1 Methods of Data Analysis**

Analysis of data using grounded theory techniques involves three stages: Open coding, in which the data is categorised into units; Axial coding, in which the relationships between categories are identified, and Selective coding, where the core categories are integrated to produce a theory (Strauss and Corbin, 1998).

Gray, (2014) also identified the constant comparative method as an important approach for analysing qualitative data. It involves a series of steps such as collecting data from the field; identifying key issues, and writing about the categories created with an attention to description of all existing issues and constantly looking for new incidents. In this study, the data obtained was analysed by using the constant comparative method which derived from the grounded theory approach. The analysis process started with transcribing, coding, categorising the data into different sets and then comparing them i.e. thematic content.

An adaptation of grounded theory has, therefore, allowed the researcher to use 'thematic content analyses'<sup>18</sup> as a method for qualitative data analysis, (Charmaz, 2014). Indeed, the process of thematic content analysis is often very similar in all types of qualitative research, in that the process involves analysing transcripts, identifying themes within those data and gathering together examples of those themes from the text (Charmaz, 2014; Braun and Clark, 2006).

It has been argued (e.g. Charmaz, 2014; Braun and Clark, 2006; Patton, 2002) that because thematic techniques do not provide statistical tests of significance, themes are significant by virtue of: (1) skilful identification of new themes and confirmation of themes identified in the extant literature; and, (2) confidence in the systematic nature of the coding procedure (Charmaz, 2014; Braun and Clark, 2006; Patton, 2002).

Tables 6.8, 6.9, and 6.10 depict themes that emerged and analyzed in this study.

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<sup>18</sup>Thematic analysis is the most common form of analysis in qualitative research. It emphasizes pinpointing, examining, and recording patterns (or "themes") within data.

However, Patton, (2002 – cited in Patton, 2015) argues that sometimes the significance of a theme is not determined by its frequency but by its ‘substantive significance’ (Patton, 2002: 467). Patton further explained that a ‘substantive significance’ refers to the consistency of themes across and within study participants. It is also significant when findings deepen understanding of extant knowledge about the subject of inquiry. Consistency requires systematic coding procedures to produce reliability, (Patton, 2002: 468-9).

Coding, which is an important instrument of thematic analysis, is shown in tables 6.8, 6.9, 6.10. Coding involves the process of breaking down and reducing text into manageable codes/units of analysis (Charmaz, 2014; Patton, 2002). In this study, for the audio transcripts, the first interpretative step was to represent audible data into written form in order to code them. The interviews were transcribed into English and Swahili interpretations of the recordings, listening to them multiple times in order to grasp the nature of responses and the flow of the interactions before identifying units and categories. For written transcripts, the researcher read through all the collected transcripts, identifying key words to form meaningful units, and then classified them into concepts, then into categories, and finally into codes/ themes. The researcher then analysed the transcripts using an inductive approach. Throughout these processes the researcher constantly has to ensure that there was no problem between convergence and divergence (Denscombe, 2010). Tables 6.8,6.9 and 6.10 are the coding categories used in this study for focus group discussion and interviews respectively.

**Table 6.8: Coding focus group discussions data –case study 1: Leicester-based Tanzanian diaspora**

CODES / LABEL	CODE NO	THEMES/CATEGORIES
▪ Education expenses	1a	<i>Reason for sending remittances to Tanzania</i>
▪ Health expenses	1b	
▪ Social event (wedding/ religious ceremony)	1c	
▪ Daily consumption (food, drink, shelter, clothes)	1d	
▪ Home improvement	1e	
▪ Investment (land, house)	1f	
▪ Investment (business)	1g	
▪ Religious requirement (zakah, sadaka, charity for poor people)	1h	
▪ No specific reason / family bonding	1i	
<b>CODES / LABEL</b>		
○ Safety/secured	2a	<i>Reasons for preferences</i>
○ Cheaper	2b	
○ Convenient for sender	2c	
○ Convenient for receiver- availability of services in Tanzania	2d	
○ Other reasons	2e	
<b>CODES / LABEL</b>		
❖ Costs/ high fees	5a	<i>Problems faced on sending remittances</i>
❖ Formalities/too much procedures	5b	
❖ requirement of ID	5c	
❖ Bureaucracy		
❖ Take too long to reach the receiver	5d	
❖ No services in receivers destinations	5e	
❖ Insecurity/ not safe (lost/ stolen)	5f	
❖ others	5g	
<b>CODES / LABEL</b>		
• <b>Formal methods</b>	3	<i>Preferable methods of sending remittances</i>
Western Union	3a	
Bank	3b	
Dahabshiil	3a	
World remit	3a	
Money-Gram	3a	
Mobile companies/networks	3c	
Others	3d	
• <b>Informal</b>	4	
Self-carrying	4a	
People travel to Tanzania	4a	
others	4b	

**Table 6:9 Coding semi-structured interviews data- case study 2: remittances receivers in Tanzania**

SOURCES Receivers/Users In Tanzania	CODES/LABELS	THEMES/CATEGORIES
DAR ES SALAAM	<ul style="list-style-type: none"> <li>▪ school fees</li> <li>▪ school uniform</li> <li>▪ daily consumptions</li> <li>▪ school transport</li> <li>▪ boarding school</li> <li>▪ school expenditures/pocket money</li> <li>▪ medical insurance expenses</li> <li>▪ treatment outside Tanzania</li> <li>▪ Business/ shops/ groceries</li> <li>▪ Business/ Car sale/spare parts</li> <li>▪ Buying land</li> <li>▪ Foods/ drinks/ clothes</li> <li>▪ House rents</li> <li>▪ Social occasion</li> </ul>	<p>Education Health Daily consumption Investments business /land Agriculture activities Social occasion others</p>
KILIMANJARO	<ul style="list-style-type: none"> <li>• Agriculture//farming</li> <li>• Business/grocery</li> <li>• Home improvement</li> <li>• school fees</li> <li>• sending children to study abroad</li> <li>• school uniform</li> <li>• school transport</li> <li>• boarding school</li> <li>• school expenditures/pocket money</li> <li>• medical insurance</li> </ul>	<p>Education Health Investments business /land Agriculture activities Social occasion others</p>
ARUSHA	<ul style="list-style-type: none"> <li>▪ school fees</li> <li>▪ finance other children study abroad</li> <li>▪ boarding school</li> <li>▪ school expenditures/pocket money</li> <li>▪ investment/land</li> <li>▪ business/ mining field</li> <li>▪ business /shop/grocery</li> <li>▪ building houses</li> <li>▪ Agriculture/ stock farming</li> <li>▪ medical insurance</li> <li>▪ treatment outside Tanzania</li> </ul>	<p>Education Health Daily consumption Investments business /land Agriculture activities Social occasion others</p>
TANGA	<ul style="list-style-type: none"> <li>• school fees</li> <li>• private schools (maths, English, IT)</li> <li>• Social events-weddings/religious ceremony.</li> <li>• school transport</li> <li>• business grocery</li> </ul>	<p>Education Health Investments business /land Agriculture activities Social occasion others</p>
MWANZA	<ul style="list-style-type: none"> <li>▪ school uniform</li> <li>▪ Foods/ drinks/ shelter</li> <li>▪ school fee</li> <li>▪ school transport</li> <li>▪ Business/fishing</li> <li>▪ Investment /land</li> </ul>	<p>Education Health Daily consumption Investments business /land Social occasion others</p>

**Table: 6:10 Coding semi-structured interviews – case study 3: Tanzanian government institutions and other officials.**

sources	Themes Emerged
<p>REPOA</p> <p>TEDA</p> <p>BOT</p> <p>UDSM</p> <p>Foreign Affairs</p> <p>IMO-Tanzania</p>	<ul style="list-style-type: none"> <li>• Poverty reduction only Just to some extent.</li> <li>• Development only at individual or community level.</li> <li>• No clear picture of inward remittance</li> <li>• Governments need to do more to harness diaspora efforts</li> <li>• Migration monitoring need to be systematically.</li> <li>• Remittances need to be intergraded into main poverty alleviation strategies.</li> <li>• Tanzania and host countries need to develop better policies and recognise the importance of remittances to the poor receiving societies.</li> <li>• Out migration figures are only for very recent years.</li> <li>• Remittances allow will do little to alleviate poverty in Tanzania. A lot need to be done</li> <li>• by the government.</li> </ul>

Quantitative data were analysed by computer programmes such as Excel and SPSS (Statistical Package for the Social Sciences) (see appendix 7) because these computer programs are particularly well-suited to survey research they can be used for data entry and analysis such as creation of tables and graphs (Charmaz, 2006). Chapter 7 and 8 give more details of both qualitative and quantitative data analysis.

## **6.6 Ethical Issues and Considerations**

In simple terms, research ethics refer to the rules and moral principles of conduct and necessary checks when carrying out research (Saunders et al., 2009; Creswell, 2007).

The principle that underpins ethical research is the view that research is not just a matter of collecting information, but is concerned with the dignity, rights, safety and well-being of those who take part in research. Researchers and others involved in planning and undertaking research should therefore ensure that this principle is central to the different elements in the research process.

Generally, there are two considerations that underpin the ethical approach to social science research. The first consideration is to be careful to carry out research in a way that is based on a set of belief systems about what is deemed to be in the best interests of those who are participating in the research. As suggested above, this comprises the rules of engagement and the protection of the rights of individuals involved in the research (Denscombe, 2010; De Vaus, 2001).

The second consideration is based on processes and systems associated with the research process itself. For example, how the analysis of the chosen research question is undertaken, or what are motivations for carrying out the research into that particular topic.

In this research all University of Derby ethics procedures were followed before embarking on data collection. The views, meaning and experiences of Tanzanian

diaspora and remittance users were central to the research question; and all people involved in this research were considered to be capable of having the autonomous rights to participate. Although the nature of the topic under study did not appear to cause any contradictions with basic ethical principles (for instance all participants were adults / not minors/children and they were all mentally fit), but the researcher has ensured that the ethical standards were fully adhered during this research as outlined in the University of Derby ethics guidelines (appendix 6).

### **Informed Consent / Right to serve**

Informed consent has been defined as that given by a competent individual who has received the necessary information; who has adequately understood the information; and who, after considering the information, has arrived at a decision without having been subjected to coercion, undue influence or inducement, or intimidation Creswell, (2014). It must comprise three basic elements namely:

- Informed: given in possession and understanding of the principal, relevant information;
- Voluntary: given freely and not as a result of coercive pressure (real or perceived);
- Competent: given by somebody able, in virtue of their age, maturity and mental stability, of making a free, considered choice. (Denscombe 2010, Creswell, 2014).

Gray (2014) argues that the duty of the researcher is to judge the extent to which people understand the implications of involvement in the research process.

In this study the researcher ensured that participants gave their consent to participate and they were fully informed about the nature and purpose of this research, prior to focus group/ interviews or survey/questionnaires. Also, all participants had their right to withdraw explained to them. All participants read the information sheet provided and signed the consent form as an agreement to participate in this research (appendices 1 and 2).

### **Health, safety and security**

The health, safety and security of participants and of the researcher were considered as a principal concern throughout the study. The researcher committed to undergo all necessary checks that were required in order to work with the groups concerned. In order to provide supportive follow up about any of the issues raised during interviews or focus groups and to reduce harm or damage (for example, stress and duress), the researcher made available contact details for locally based information and advice services.

### **Confidentiality**

Confidentiality can be defined as an explicit or implied guarantee by a researcher to a respondent in social science research whereby the respondent is confident that any

information provided to the researcher cannot be attributed back to that respondent (Saunders et al., 2007).

Saunders et al., (2007) argues that the assurance of confidentiality carries with it the additional implication that non-researchers cannot discover the respondent's identity. Thus, confidentiality is an active attempt by researchers to remove any trace of respondent identities from the records.

For this research all the people involved in the study were asked to sign a confidentiality agreement form that they do not disclose information revealed at the group outside of the focus group or survey /questionnaires. The right to confidentiality was preserved through the duration and dissemination of this research. All primary data, interview material and transcripts, consent forms and other documents that contain references to personal details were stored in secure conditions, accessed only by the researcher.

The confidential nature of the research was explained to participants as well as limits to confidentiality (i.e. not restricted to breaches of conduct or safeguarding issues).

### **Potential harm to participants**

There are various problems/ harm that could occur while people participate in the research study. These include physical harm, psychological harm, social harm and economic harm (de Vaus 2001; Saunder et al 2010).

The nature of the topic under study does not appear to cause risk of harm to participants, however, as the case for any research, the researcher carried a risk

assessment to ensure that the research work was carried out without causing any harm to participants.

## **6.7 Limitations of the Study**

Marshal et al., (1999) observed that no project is without limitation.

This study faced a number of limitations that include:

- (i) Use of language and misunderstanding of terminologies in English language. This was because the majority of people involved in this study were not native English speakers. To overcome this, questionnaires and interview questions were designed and produced in both English and Swahili languages.
- (ii) Costs in terms of time constraints and money: This was another limitation on this research which leads the researcher to plan to have a reasonable sample size.
- (iii) Access to people and personal data was another limitation in this research. This research depends on having access to people (diaspora and remittance receivers), organizations, and documents. For some reasons full access to people's details was denied or otherwise limited, on the grounds of privacy and confidentiality reasons. To overcome this, the researcher spent time explaining the confidentiality and privacy details to the people who participated on the research.

## 6.8 Conclusion

This study adopted an inductive approach to enquiry for which both qualitative and quantitative data were collected from the three case studies: The first case study is Leicester-based Tanzanian diaspora (the remittances senders), the second case study is remittance receivers in Tanzania (the remittances users), and third case study is Tanzanian government institutions and officials (e.g. Bank of Tanzania (BoT), the International Organisation for Migration Tanzania (IOM), the Ministry of Foreign Affairs and International cooperation (Diaspora and Development Department), and the Research on Poverty Alleviation- REPOA, Tanzania Entrepreneurs Development Association- TEDA, and academics from University of Dar es Salaam).

As shown on figures 6.1 and 6.6 different research approaches, methods and techniques were adopted in this study in order to achieve its aim and objectives. The principal data-collection methods used were focus groups, unstructured interviews, and survey questionnaire. Methodological triangulation<sup>19</sup> was used because it is a powerful technique that facilitates validation of data through cross verification from two or more sources (Charmaz, 2014; Denscombe, 2010).

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<sup>19</sup> Methodological triangulation refers to the application and combination of several research methodologies in the study of the same phenomenon.

# Chapter 7

## **CHAPTER SEVEN**

### **RESEARCH FINDINGS**

#### **7.0 Introduction**

This chapter presents the findings on the perceived and actual effects of remittances on poverty reduction and development in Tanzania, as reported by the Leicester-based Tanzanian diaspora (the remitters), remittances receivers in Tanzania (users), and the Tanzanian government institutions and officials. The findings will be discussed in relation to the theoretical framework of this study presented in chapter 5.

This chapter consists of three sections. The first section presents the findings from case study one- the Leicester-based Tanzanian diaspora by addressing the following questions, (see the three research questions in chapter 1, section 1.1)

1. Why the Leicester-based Tanzanian diaspora came to UK?
2. Why the Leicester-based Tanzanian diaspora send remittances to Tanzania (motives and determinant factors)?
3. What types of remittances are sent from Leicester to Tanzania?
4. What channels are used to transfer remittances from Leicester to Tanzania?
5. What are the barriers to remittance transfers from Leicester to Tanzania?
6. To whom are remittances sent?

7. What is the perceived usage of remittances in Tanzania- from the diaspora's view point?
8. What are the perceived effects of remittances in Tanzania- from the diaspora's view point?

As shown on table 6.2 in chapter 6, the six focus group discussions conducted in five different areas of Leicester city have been coded as follows:

- First focus group discussion in Highfields coded as FGD1 =H
- Second focus group discussion in Beaumont Leys coded as FGD2 =BL
- Third focus group discussion in St Matthews coded as FGD3 = st M
- Fourth focus group discussion in Evington coded as FGD4 =E
- Fifth focus group discussion in Belgrave coded as FGD5= BG1
- Six focus group discussion in Belgrave coded as FGD6= BG2

These codes have been used in this chapter to report the data from the focus group discussions.

The second section presents findings of interview data from remittance receivers/users in Tanzania by addressing the following research questions (see the three research questions in chapter 1, section 1.1):

1. What are the remittance receivers' relationships to the diaspora?
2. What are the remittance receivers' occupations in Tanzania?
3. What are the average values of the remittances received from Leicester?
4. What are the preferred channels of receiving remittances from Leicester?
5. What are the reasons for preferred channels of receiving remittances?
6. What are the uses and effects of remittances on poverty reduction and development in Tanzania- from the receivers' view point?

The third section reviews data gathered from Tanzanian Government institutions and other officials on the uses of remittances and their effects on poverty reduction and development in Tanzania, with the aim of addressing the research question

## **7.1 Findings from Case Study 1: Leicester-based Tanzanian Diaspora**

The findings from the survey questionnaire and focus group discussions with the Leicester-based Tanzanian diaspora are presented in this subsection. As mentioned in chapter 6, the survey questionnaire was conducted from 21<sup>st</sup> October 2013 to 31<sup>st</sup> January 2015. Focus group discussions were conducted from 11<sup>th</sup> February 2014 to 29<sup>th</sup> April 2014.

### **7.1.1: Why the Leicester-based Tanzanian Diaspora came to the UK?**

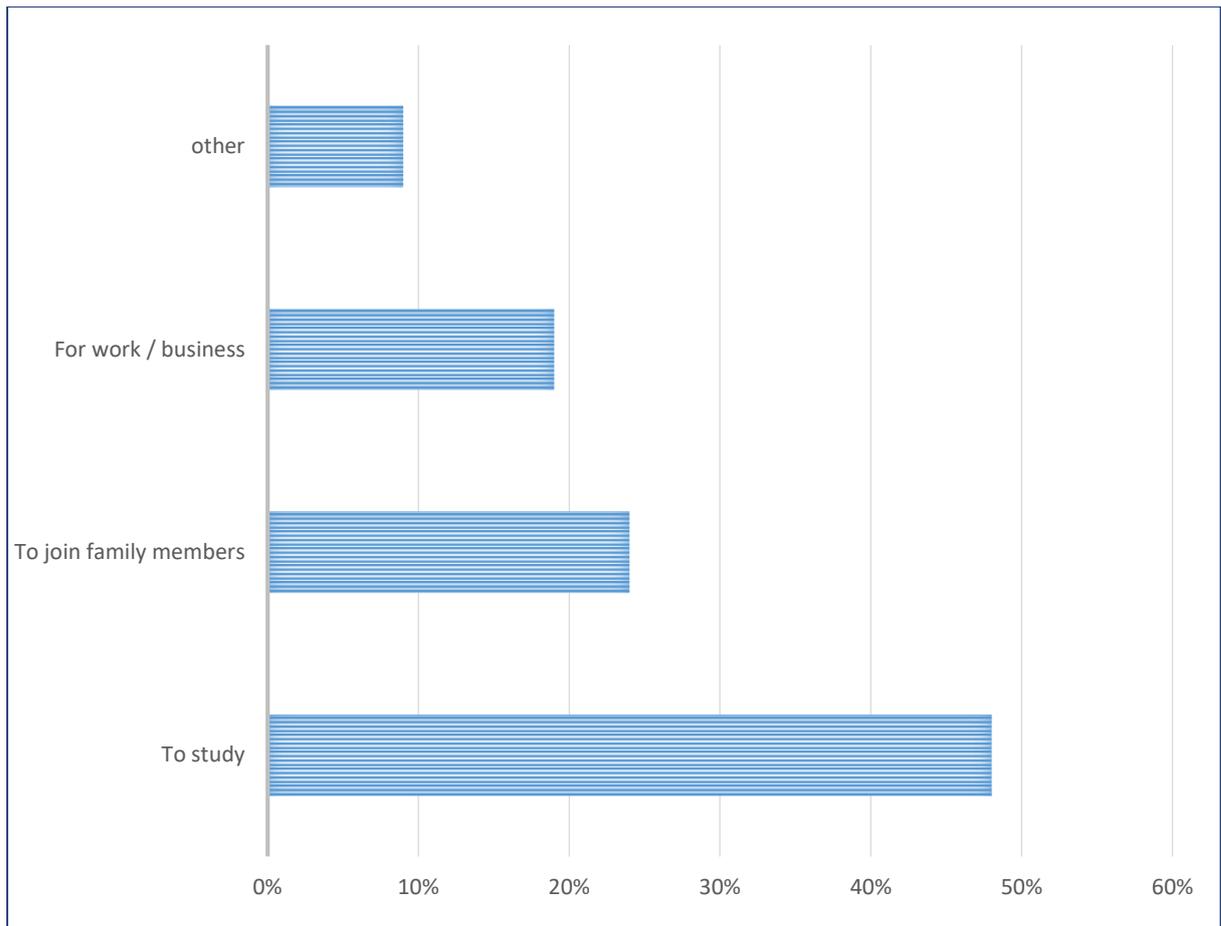
From the survey, the majority (48%) of the Leicester-based Tanzanian diaspora indicated that they initially came to the UK for education purposes. Another main reason for coming into the UK (24%) was to join family members already in the UK (figure 7.1).

When the participants on the focus group discussions were asked why they decided to settle in the UK (Leicester) as diaspora, a few explanatory factors stand out. First of all they emphasized the obligations, responsibility, and gratefulness that they have to show towards their family members as it was a collective decision to migrate to the UK. The main reason for this decision was for them to have an opportunity to

help to improve the livelihood of the family members i.e. migration is a livelihood strategy pursued by households. The second, perhaps the most obvious answer that was pointed out by many, was general living standards and economic differences between the UK and Tanzania. The intention, is therefore, to help to overcome local development constraints and capital constraints that prevail in Tanzania by sending remittances. As a participant from focus group discussion FGD3=st M explained:

“.....Me and my sister came into UK as students in 1998, although the intention was to get British academic degrees...the underlying reason was also to have the opportunity to come here where the economy is much better than home....so we can work and send something home to our family members who made our migration journey possible.....people back home are very poor .....I mean we came from a poor family..... my reason for me to live here in this country (UK) is to help people back home to overcome poverty.....like enabling them to have access to better medical services, health food and better schools.....”

This quote matches the theoretical framework of this study the pluralist approach, which generally claims that migration is a livelihood strategy pursued by households, and spreads the livelihood risks, increases income, collects investment capital and improves economic and social status. Therefore, as the theoretical framework of this study suggests (chapter 5 section 5.1.5) for Tanzanians migration is a livelihood strategy.



**Figure 7.1: Reasons for the Tanzanians diaspora to come to the UK**

**7.1.2 Why do Leicester-based Tanzanian diaspora send remittances to Tanzania (motives and determinant factors)?**

To understand why the Leicester-based Tanzanian diaspora send remittances to Tanzania, this study collected data on motives to remit and determinant factors which contributed to shaping the diaspora’s remittance behaviour.

### **7.1.2.1 Motives behind Leicester-based Tanzanian Diaspora Remittance Behaviours**

Generally, the remittance behaviour of the Leicester-based Tanzanian diaspora can be analysed from two points of view; firstly the remittance behaviour of the younger /second generation and secondly the remittances behaviour of the older/first generation diaspora members.

The younger generation of the Leicester-based Tanzanian diaspora mentioned that despite them being born in Europe they still have positive attitudes towards remittances. Most of them said they have a strong desire to remit to people in Tanzania, even though their relationships with their relatives in Tanzania are not close and they do not speak the Swahili language or hold much of Tanzanian/African culture. The younger generation mention that their desire to remit is derived from their observation of their parents' practices and that they intend to continue the practice because that is how they have been taught by their parents. Interestingly, they see remittances as part of their culture, and the right way of living because it is a common way for Tanzanians / Africans to retain their native socio-cultural ties and assist their relatives in Tanzania who are languishing in poverty.

The younger generation also mentioned that keeping relationships with distant relatives and people of Tanzania is one way of 'maintaining their identity'. They also mentioned that religion (e.g. Islam, Christian and Hindu) also teaches them to 'give', so they remit to poor people as another way of practising their religious beliefs. These findings suggest the remittance behaviour of the younger/second generation is influenced by deep emotional ties towards family and a desire to prolong their cultural heritage i.e. the family bond. As some of participants in FGD1 =H argued;-

“...After every couple of months I send something to Tanzania..... because this is how we have been brought up. Our parents showed us the right way of sharing what we have been blessed with..... all my brothers and my sisters are doing the same.... And this is the good way of giving sadaqah and zakat (charity), fulfilling our religious obligations and help to improve the lives of those who are most in need....”

This confirmed the limitations of theories of motives to remit, which emphasise only three motives- pure altruism, self-interest and tempered altruism (chapter 5, section 5.2). The discussion and the quote above suggests that other factors such as religious belief also play a significant role in shaping diaspora remittance behaviour and need to be considered as motives behind remittance behaviour.

Older/first generation participants mentioned that they send remittances in response to the needs of recipients. Therefore, although remittances have an economic element, they are also embedded in the social relationship between the diaspora and the household members back home, which indicates the altruistic motive to remit. Other focus group participants argued that their decisions to remit were being dominated by the sense of reciprocity, as they felt that they owe something to their family members for bringing them up, educating them and/or looking after their assets or children they left back home. This implies an exchange implicit contract or loan repayment motivation of remitting.

Further, in this study participants mentioned that the collective decision of the family members that allowed and assisted a diaspora to migrate to the UK (i.e. the essence of the immigration journey) is another factor behind their remittance behaviour. One participant in FGD4 =E explained:

“We have migrated and we have settled here.....This is not an individual decision.... for some of us, our parents, families and relatives have worked very hard to send us here.....this was a very purposive but a hard decision to migrate.... We left our beloved ones behind in order to remit..... There is no war in Tanzania..... We could stay there peacefully.....But because of much poverty of our society that is why we are here, looking for better opportunities for the betterment of everyone back home.....and it is our duty to send something there if it is possible to do so... am here in order to remit”

The findings from the survey and focus group discussions showed that motives behind remittance behaviour of the Leicester-based Tanzanian diaspora are similar to those suggested in literature; they include altruistic, pure altruistic, implicit contract, loan repayment, and exchange and inheritance motives. This also showsproves that although the theories of motives to remit are considered to be separate and different, they do overlap i.e. some people have more than one motive for remitting (chapter 5, section 5.2).

In addition to these motives, what is new that the data reveal is that the diaspora also mentioned that Ujamaa ideology contributes to shaping their remittance behaviour. This has been explained as ‘attachment to their home country’, which is a result of socio-political background of their country – the ‘Ujamaa ideology’ familyhood’ that was embedded in assumptions of co-operation and sharing (chapter 2, section 2.3).

In fact, this is new data that this study reveals; the Ujamaa ideology legacy or rather the country’s socio-political background may provide a theoretical foundation as to why the Tanzanian diaspora remit in addition to pure altruism or self-interest. Hence, the notion of ‘attachment to their country of origin’ due to socio-political effects the Ujamaa ideology may extend the theoretical literature on motives to remit which has

centred on altruism, family ties and self-interest alone. As focus group discussion participants from FGD2 =BL and FGD4 = E said:

“.....of course I send almost £2000 every year to people back home because they need help to improve their living condition..... and I believe if I Ujamaa could not influence us to help each other, my neighbours and other village members in Ugweno could not receive a penny from me.....”

Moreover, Social pressure from relatives and people back home who try to ‘keep in touch constantly’ with diaspora abroad was also mentioned as another factor that trigger remittance behaviour of some of Tanzanian diaspora, as participants from FGD2 =BL and FGD4 =E explained:

‘...since I moved to the UK about eight years ago I have settled here with my husband and my kids.... I have only one sister who lives in South Africa, my parents have both died..... but I never spend a week here in the UK without receiving either a phone call, a text message, an email or even a little note on Facebook from people back home.....requesting from me for one thing or another..... and even when they don’t ask directly but their messages imply that they need some help.....for example, if someone says .... ‘ we are all ok down here but there is no rain at all this year...no good harvest...I don’t know how am I going to send your relatives to school...’I know that this person is asking for help, in an indirect way..... And it is not one or two people who need help over there.... almost all my relatives and my old friends back home are doing the same.... It is this kind of pressure that we are responding to.....”

In addition, the diaspora also said that they remit simply because they feel obligated to help others because of what Tanzanian society had done for them. As a participant from FGD3=st M explained:

“...We have been educated in a very small village in very primitive schools settings but with people who you will never miss a smile on their faces!.....`our teachers and everyone in the village have worked very hard to help us' to achieve the best in our lives...., without them we could not be here today.....and I have never felt ok until I send something for them at least once a year especially at Christmas or Easter time”

Another participant in FGD3=st M added that:

“...me as well, I schooled in the same environment.... No desk, no chairs, no books, no library but I enjoyed every moment I was there, my teacher worked very hard to help us..... every now and then I send something for my school...”

The quotes above clearly indicate that aspects of social distress, such as social pressure and reciprocity need to be included as motives behind diaspora remittance behaviour and they need to be considered within the theoretical debate on the motives to remit (chapter 5, section 5.2.4).

Interestingly, the Leicester-based Tanzanian diaspora mentioned that they do not view 'push factors that existed in Tanzania (such as poverty, unemployment) as the only factors that shape their remittance behaviour. They mentioned that the worsening situation in the UK, such as the recession / economic downturn, which started in 2008 and the growing world terrorism threats have also led to changes in laws and regulations here in the UK (and in many other western countries). For example, tightened visa rules, border controls, and the introduction of “harsh immigration laws and regulations” make the diaspora who are already working in the UK fear that they may be swept away by such controls (immigration law). For these reasons, they direct all their efforts in preparing themselves for a future return, and send remittances for that. All these have been significant factors that in one way or another affect the diaspora remittance behaviour.

In their own words participants in FGD2 =BL, and FGD5 =BG1 said.-

“..... This is not the UK we used to live in..... Before 2008 there were plenty of jobs.... We could even choose what job you want to do..... and just few years ago we could extend our visa and invite our relatives to visit us here at least for few weeks, but this is not the case anymore..... there are no jobs, and immigration laws are even tougher than they used to be before.....requesting a visiting visa for our relatives to come here to visit us is now a waste of time..... with our high level of education we are sure to be better off in other countries like Dubai or United Emirates than we are here now..... and our effort is on how to make this happen.... and keep on helping our family members back home.”

Therefore, preparation for future return to Tanzania influences remittance behaviour and explains the persistence of remittance flow to Tanzania during the time of global economic crisis.

As discussed in chapter 5, this apparently shows that theories of motives to remit should not neglect the fact that diaspora may be willing, but not able to send remittances due to unexpected adverse conditions in the host country such an economic recession.

Social capital transfer among the Tanzanian diaspora in Leicester and around the world facilitated by advancements in communication technologies (e.g. mobile phones and social media such as Facebook) is another factor mentioned by many participants. Social capital is defined as the resources gained from relationships and networks (Levitt et al., 2011; Putnam 2000). Participants have explained that social capital is a crucial element for developing the potential of the diaspora's human capital. For many Tanzanian diaspora important human capital indicators are their education, job skills, and English proficiency. Members of the Tanzanian diaspora (as with other diaspora from non-English speaking countries) lack a command of the English language, which makes it harder for them to acquire social capital, and

human capital within British society. For them social capital among the Tanzanian communities is often the only capital inputs that they have upon arrival in the UK.

Participants in this study said that social capital from friendships facilitated by communication technological advancements prove to be of significant importance in their decision to remit and how to remit. In fact the participants in FGD2 =BL focus group discussion argue that:

“..... Knowing each other here in the UK and across the global is very important.....it helps us to pull our effort together in order to help our beloved ones back home.... I am here in Leicester with some of my home boys (people from same village) but we have now formed a big social group on What’s Up and Facebook accounts where we all share ideas and skills and transfer them back home to our people (social remittances) and we sent a considerable amount of money each year to help our families and other projects in Tanzania.... this kind of social capital could not grow without a great assistance of the communication facilities like smart phones....”

The idea of ‘home boys’ or ‘my village people’ (i.e. an existing network of home Tanzanian diaspora from the same region/village or tribe who live in the UK) itself also tends to create a strong social bond among the Tanzanian diaspora, and in so doing it affects not only their remittance behaviour but also the frequency and the amount they remit back home. As focus group discussions participants in FGD6 =BG2 pointed out;

“..... although familial social relations are important, the social network based on friendship and that kind of feeling when we meet other Tanzanian diaspora, especially those who came

from the same village as us and they have been here before us, the relationship with them is very significant in terms of knowing and understanding the 'system and the structure of this society'..... the good relationship with them is of vital importance because it helps to shape direction of our economic activities here.... and eventually what we can send back home while working in the UK.....”

The findings presented above prove that the transnational perspective (which is part of pluralist approach adopted as a theoretical framework for this study (chapter 5, section 5.1.4 (iii) ) enables diaspora and their families to live transnationally and gives room for diaspora to maintain the relationship with their families in their countries of origin through improved communication channels such as mobile phones (calls and messages), fax, television, internet. It also allows them to remit money through globalized formal and informal channels. This facilitates the diaspora and their family to promote loyalties, travel back and forth, and to work transnationally.

### **7.1.2.2 Determinant Factors: Their Effects on the Diaspora's Remittance Behaviours**

Remittance determinant factors that affect the remittance behaviours of the Leicester-based Tanzanian diaspora that have been revealed in this study are as follows:

### (a) Gender

According to table 7.1, data from this research shows that almost 25% of the male diaspora send remittances over £4000 compared to only 1.71% of female diaspora. However, female diaspora although tend to send smaller amounts they do so more frequently than the men do (table 7.2). Thirty two percent of females sent remittance once a month compared to 5.6% of men (table 7.2).

**Table 7:1 Relationship between gender and the amount of remittances sent to Tanzania**

Gender	Amount Sent	FREQUENCY* Count of Respondents	% within Gender
FEMALE	£1-£500	41	14.2%
	£500-£1000	40	14%
	£1001-£1500	14	5%
	£1501-£2000	7	2.5%
	£2001 -£2500	4	1.5%
	£2501-£3000	3	1.2%
	£3001-£3500	2	0.7%
	£3501-£4000	1	0.5%
	£4001-£4500	1	0.5%
	£4501-£5000	1	0.5%
	£5000 over	2	0.7%
		<b>116</b>	<b>40.2%</b>
MALE	£1-£500	5	1.7%
	£500-£1000	27	9.4%
	£1001-£1500	18	6.3%
	£1501-£2000	20	7%
	£2001 -£2500	7	2.5%
	£2501-£3000	1	0.5%
	£3001-£3500	14	5%
	£3501-£4000	12	4.3%
	£4001-£4500	33	11.5%
	£4501-£5000	12	4.3%
	£5000 over	24	8.4%
		<b>173</b>	<b>58.9%</b>
<b>Grand Total</b>		<b>289</b>	<b>100%</b>

**Table 7:2 Relationship between gender and frequency of sending remittances to Tanzania**

Gender		Frequency of Sending				Grand Total
		Once a Month	every several months	once a year	when required	
FEMALE	count	92	14	7	3	116
	% within Gender	32%	5%	2.5%	1.2%	40.2%
MALE	count	16	33	55	69	173
	% within Gender	5.6%	11.1%	19%	24%	59.8%
<b>Grand Total</b>		<b>108</b>	<b>47</b>	<b>62</b>	<b>72</b>	<b>289</b>

The information in table 7.2 was further clarified during the focus group discussions whereby members of the Tanzanian diaspora explained that they sent different forms of remittances including cash, high-value equipment such as heavy machinery for example tractors, water pumps, generators, as well as vehicles such as cars. As participants in FGD2 =BL and FGD4 =E explained:

“...I rarely send cash to brothers and sister in Tanzania, I do so when there is an emergency like bereavements or special occasion like marriage ceremony or Christmas.....generally I share brilliant ideas with them now and then when we chat on the phone or online..... also I send car and spare parts of different vehicles at least every several months... that obvious worth a lot of monies...”

When asked how much these are worth and whether this went into business or just for receivers’ personal use the participant in FGD1 =H replied:

“.....it worth around £4,000 to £12, 000 so on average is about £8,000 each time when I send something to them.....”

The participant added that:-

“.....this amount is just the value of what they receive. Fee and clearance cost are not included..... The use of what I send does vary. Some of them are invested and some they take for their personal use. For example, most of cars I sent home are being used by my brothers and other relatives to help to run our business such as cars spare stores' which are well franchised across the country.....the profits from this business help others within our big family.....”

Further information from the focus group discussions suggested that male diaspora are working in more manual work and for longer hours compared to female. Hence, males generally earn more than females. This wage differential may explain why males sent larger amounts of remittances compared to women. On the other hand, female diaspora have expressed their responsibilities within the traditional Tanzanian families and the relationship they have to their families back home, perhaps indicating strong family ties and altruistic motives to remit.

#### **(b) Age of a diaspora**

As shown in table 7:3 the value of remittances sent by Tanzanian diaspora from Leicester to Tanzania seems to be lower before the age of 30 years old, higher between 30 to 50 years and then declines after the age of 50. This has been explained by the assumption that family ties or obligation become more distant with age. As participants in FGD1 =H mentioned that:

“.....I came to UK when I was 39 years old..... I used to do three jobs..... and send more than £1000 every month....but after being here for last 17 years and reach this age (56 years old) I don't really feel as responsible as I was ..... although there are some of my relatives who are very poor..... our families are big....you can't help everyone....”

**Table 7:3 Relationship between diaspora's age and amount of remittances sent**

AGES	£1 - £500	£501 - £1000	£1001 - 1500	£1501 - £2000	£2001 - £2500	£2501 - £3000	£3001 - £3500	£3501 - £4000	£4001 - £4500	£4501 - £5000	5000>	Total Respondents
20-29	8	5	3	2	3	1	1	1	0	0	0	24 (8.3%)
30-40	8	5	4	7	13	9	13	14	23	20	17	133 (46%)
40-50	20	8	11	7	10	5	7	4	7	3	3	85 (29.4%)
50 >	29	11	0	3	2	0	0	0	1	0	1	47(16.3%)
<b>Total per Amount sent</b>	65	29	18	19	28	15	21	19	31	23	21	289

Therefore, although the need of extra help or the level of poverty of families back home remain more or less the same after years of staying in the host country, family bonds and altruistic motives decrease with the increase of time spent in the host country.

**(c) Generational Contrast (younger/second generation versus older generation)**

As discussed above in section 7.1.2.1, the majority of the younger generation involved in focus group discussions argued that they remit simply because they have been taught by their parents to share what they have. Also some of them remit

because that is one of the ways of practising their religion. Therefore, older generation of middle ages (30-50) seem to have strong ties with family back home while the younger generation do not feel they have an obligation to remit, due to weak family ties with people in Tanzania.

Unlike other African diaspora such as Somalis who generally comprise a younger generation here in the UK, the Leicester-based Tanzanian diaspora majority are in middle age (30-50 years old) table 7.3. This is due to reasons for migration. For many Tanzanians the motive has been to overcome economic hardships back home. Therefore, in most cases it is the middle-aged who migrate more than the younger age. In the focus groups, the interviewees also mentioned that as there are no wars or any political problems, they prefer to leave their siblings back home and send remittances to help them improve their lives. The Tanzanian diaspora also mentioned that as their education in the UK has been financed by members of the families back home they remit to repay the loan.

#### **(d) Duration of stay in the UK**

As shown in table 7.4, the results suggest that Tanzanian diaspora are likely to remit more (34.3%) if they have stayed in the UK for over 5 years. However, that rate declined by 21% when they stay over 10 years. Only 13% remit more than £3,000 after 10 years of stay in the UK. This suggests that the remittance flow from Leicester to Tanzania decreases as the length of stay in the UK increases.

**Table 7.4 Duration of stay and amount sent per year cross tabulation**

			Amount sent per year				Total
			<£1000	£1001-£2000	£2001-£3000	£3000>	
duration of stay	3-5	Count	29	15	18	0	62
		% within duration of stay	<b>46.6%</b>	<b>23.3%</b>	<b>30.1%</b>	<b>.0%</b>	100.0%
		% within Amount sent per year	29.0%	41.7%	7.1%	.0%	15.9%
		% of Total	5.3%	8.8%	1.8%	.0%	15.9%
	6-10	Count	27	10	34	37	108
		% within duration of stay	<b>24%</b>	<b>9.3%</b>	<b>31.1%</b>	<b>34.3%</b>	100.0%
		% within Amount sent per year	22.6%	27.8%	64.3%	60.7%	47.6%
		% of Total	4.1%	5.9%	15.9%	21.8%	47.6%
	10>	Count	48	39	17	15	119
		% within duration of stay	40.2%	32.4%	14.4%	13%	100.0%
		% within Amount sent per year	48.4%	30.6%	28.6%	39.3%	36.5%
		% of Total	8.8%	6.5%	7.1%	14.1%	36.5%
Total	Count	104	64	69	52	289	
	% within duration of stay	36%	21.2%	24.7%	18.1%	100.0%	
	% within Amount sent per year	100.0%	100.0%	100.0%	100.0%	100.0%	
	% of Total	36%	21.2%	24.7%	18.1%	100.0%	

This situation was explained by individuals from focus group discussions. The majority of them mentioned that they do not feel so obliged to help people back home after years of stay outside the country. As one participant in FGD2 =BL explained:

“.....last 12 years I was actively involved in business of sending spare parts of cars, and cash amounts every month to support my big family back home..... now they have all grown

up ..... and.....some of them they don't even know me very well....I left when they were very young ...some were actually babies..... and some of them they have finished their studies and are working.... I feel I don't have much obligation as I used to... ”.

This suggests that the longer the diaspora stay in the host country, the weaker are the ties to the families in the country of origin and as the result the lower are the remittances to the home country.

Moreover, they argued that years spent in the UK have affected their remittance behaviour in the sense that, the longer the diaspora spend time in the UK (i.e. from home) the more they establish themselves here in the UK (host country). Hence, this may adversely affect their remittance behaviour, because they may have less intention to return to their country of origin.

#### **(e) Socio-economic Status (employment and level of education) of the Diaspora**

The intention of diaspora to remit is invariably derived from their income earnings in the host country and determines the value of remittance sent.

However, this study suggests that education levels of Tanzanian diaspora do not have a significant positive effect on employment status. Hence, this adversely affects their earnings as well as the ability to remit (table 7.5). The majority of the Tanzanian diaspora involved in this research claimed not to work in a graduate position, despite being educated to higher level. Many of them (46.1%) are self-employed, only 13.2% are employed.

**Table 7.5 Education level and employment status cross tabulation**

			Employment Status			Total
			employed	unemployed/ on benefit	self employed	
Education level	basic education	Count	12	14	31	57
		% within	4.3%	5.1%	10.8%	19.8%
		Employment Status				
	further education	Count	29	27	43	99
		% within	10.1%	9.4%	14.9%	34.4%
		Employment Status				
	higher education	Count	38	36	59	133
		% within	13.2%	12.5%	20.5%	
		Employment Status				46.1%
Total	Count	79	77	133	289	
	% within	100.0%	100.0%	100.0%	100.0	
	Employment Status				%	

However, the Tanzanian diaspora involved in focus group discussions explained this situation in different ways from what the quantitative figures from the survey suggest. They argued that, the relationship between educated elites and remittance behaviour has been determined by lesser family pressure from household members back home. This is because better educated diaspora are more likely to come from wealthy households. Thus, there is little demand to support their families back in Tanzania. These arguments suggest that the most telling reasons to remit are, therefore, the family ties and/ or obligation to the households. Those with low income and / or unemployed felt morally or custom bound to help their families back home despite their own economic hardship being faced in the UK. This is a clear indication of altruistic motive as opposed to the implicit contract, investment or exchange motives which implies a positive correlation with those who are employed and have stable income.

**(f) Geographical Factors (in country of origin- Tanzania)**

As shown in table 7.6(a) many respondents 66.4% have indicated that they were from an urban area of Tanzania, such as Dar es Salaam, Kilimanjaro, Tanga, Arusha, Mwanza and Morogoro regions. Only 33.6% of Tanzanian diaspora involved in this research were from rural areas of the country.

The result in table 7.6(b) also suggest that the diaspora from urban areas tend to send remittances more frequently compared to those from rural areas.

**Table 7.6(a) Place of Origin in Tanzania \* Amount sent per year**

			Amount sent per year				Total
			<500	501-1000	1001-2000	2000+	
Place of Origin in Tanzania	Rural	Count	24	31	16	26	97
		% within Amount sent per year	8.4%	10.8%	5.6%	9.1%	33.6%
	Urban	Count	44	36	58	54	192
		% within Amount sent per year	15.3%	12.5%	20.1%	18.8%	66.4%
Total		Count	68	67	74	80	289
		% within Amount sent per year	100.0%	100.0%	100.0%	100.0%	100.0%

**Table 7.6(b) Place of Origin in Tanzania \*Frequency of sending remittances**

			Frequency of sending				Total
			once month	Every several months	Once year	When required	
Place of Origin in Tanzania	Rural	Count	25	19	26	27	97
		% within frequency	8.8%	5.2%	9.4%	10.2%	33.6%
	Urban	Count	62	81	31	18	192
		% within frequency	26.2%	31.2%	6.1%	2.9%	66.4%
Total		count	87	100	57	45	289
		% within frequency	100%	100%	100%	100%	100%

The results from the focus groups suggest that the reason why majority of Tanzanian diaspora are from urban areas is because of the developmental differences between urban and rural areas of Tanzania. Generally, people living in rural areas of Tanzania are poorer compared to those live in urban areas. Hence, only a few people from rural can afford the costs of migration journey.

The findings from the focus groups suggest that the geographical locations of where diaspora are from in Tanzania (rural or urban) do not affect their motive to remit. However, the geographical locations do affect the types of remittances sent and the usage of remittances, and eventually the impact on poverty reduction in the receiving community.

**(g) Geographical Factors (in the host country- Leicester, UK)**

The places where the Tanzanian diaspora reside in Leicester wards have affected their remittance behaviour. As shown on table 7.7 only 18% of Tanzanian diaspora are living in richer areas / wards such as Oadby, Stonegate, and Evington (figure 1.2). The Leicester Wards Deprivation Reports 2014 suggested people live in these areas are of higher incomes. The Tanzanian diaspora living in these areas tend to send remittances less frequently (only 1.9% send remittance once a month) compared to those who live in other areas (i.e. Spinney hill and Beaumont Leys) that send 28.4% of remittances once a month (table 7.7(a)).

The results of the focus group also show that those who live in more deprived (poorer wards) areas such as Spinney hill and Beaumont Leys wards (figure 1.2) have a particularly high propensity to remit. The participants said that this is because of community influence and better transfer services are available locally in these

poorer areas (Spinney hill and Beaumont Leys wards). One participant in FGD3=st M explained:

“.....where I live...in St Matthews there are hundreds of local informal remittance infrastructure that I can use to transfer anything to Tanzania....., but where my brother-in-law lives..... in Oadby there is only few services..... (if any)....”

However, probably people live in well-off areas such as Oadby are likely to send larger amount or high value of remittances (table 7.7(b))

**Table 7.7(a) Residency in Leicester \* Frequency of sending remittances to Tanzania**

			Frequency of sending				Total
			once a month	Every several months	Once a year	When required	
Place of residency in Leicester	Evington village Stoney Gate Oadby East Knighton	Count	5	9	21	17	52
		% within frequency	1.9%	3.2%	7.4%	6%	18%
	Other places (include Beaumont Leys, St Matthews, Spinney Hill, Highfields, Mowmacre Hill)	Count	82	91	36	28	237
		% within frequency	28.4%	31.4%	12.5%	9.9%	82%
Total		Count	87	100	57	45	289
		% within frequency	100.0%	100.0%	100.0%	100.0%	100.0%

**Table 7.7(b) Residency in Leicester \* Amount sent per year**

			Amount sent per year				Total
			<500	501-1000	1001-2000	2000+	
Place of residency in Leicester	Evington village Stoney Gate Oadby East Knighton	Count	4	7	17	24	52
		% within Amount sent per year	1.4%	2.5%	6.1%	8.4%	18.2%
	Other places: Beaumont Leys, St Matthews, Spinney Hill, Highfields, Mowmacre Hill	Count	95	89	47	6	237
		% within Amount sent per year	32.8%	30.7%	16.2	2.1%	81.8%
Total		Count	100	102	62	25	289
		% within amount sent	100%	100%	100%	100%	100%

#### (h) **Ethnicity**

The survey results did not show any difference in relation to ethnicity and remittance behaviour of the Tanzanians diaspora. The results from focus group discussions also suggest that despite having three main racial groups that are the Black majority, Arab and Asian minorities, the Tanzanian community is unified to the extent that ethnicity is not even an issue among Tanzanians of different race. As one participant in FGD6=BG2 explained:

“..... Nyerere alitufanya tuishi kama ndugu.....sisi sote ni ndugu... pamoja kwamba mimi ni muhindi...” (‘ Nyerere made us to live as relatives- brothers and sisters..... we are all related to each other..... although I am Indian’)

Another participant in FGD6=BG2 said that

“sisi ni wa jamaa, kusadiana ni desituri yetu”.  
(we are the ‘Ujamaa’ product, so to help one another is just a part of our traditions).

Therefore, the Leicester-based Tanzanian diaspora of different races reported that they remit to people in Tanzania regardless of the ethnic group of the receiver(s) or sender(s).

This is an obvious effect of Ujamaa ideology, which has unified the country and created everlasting solidarity among people in Tanzania. Therefore, ethnicity among Tanzanian people did not show any real influence on remittance behaviour of the Tanzanian diaspora in Leicester.

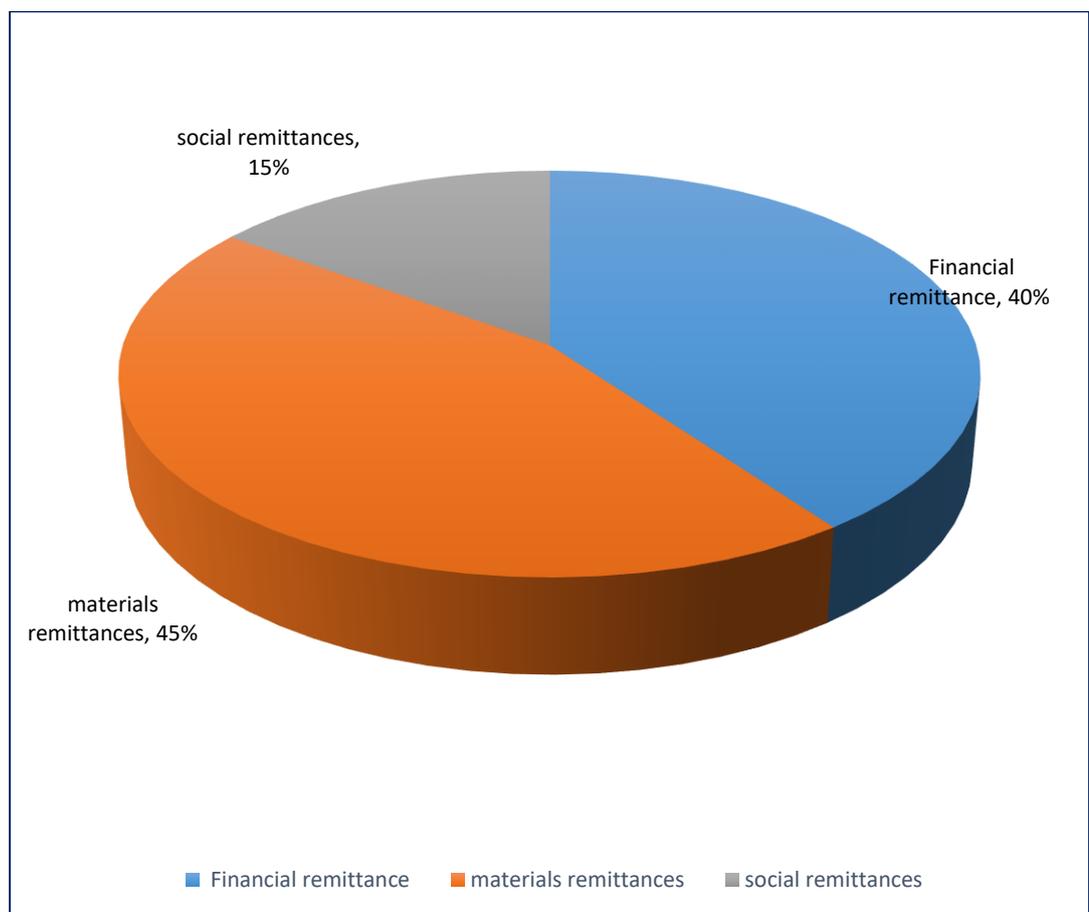
### **7.1.3 What Types of Remittances are sent from Leicester to Tanzania?**

Tanzanian diaspora engagement in the development of their country of origin is so varied it defies generalization. It ranges from disaster relief to investment/business development, from sending money, exporting machinery, to exporting ideas, practices, values, attitudes, and social capital (knowledge, experience and expertise) that they mediate consciously or unconsciously from the UK to Tanzania. In their own words, one participant said 'we send all sort of things, as long as they are useful to our people'. In particular some participants in FGD4 =E and FGD5 =BG1 mentioned:

“.....is not only money that I send back home.... Me and my wife sometime we send cars, computers and lots of electrical equipment.....Also few years ago me and my friends exported brilliant ideas that have changed the lives of many people back home... myself I exported the ideas of which I called 'vocal competition' something similar to British got talent or X-factor, ..... again me and my friend X, about two years ago, we travelled back home to our village in Songea to implement the idea of helping children with eye sight problems. These ideas came from our working experience in one of the charity organisations here in East Midland. When we went there we established a community organisation, which is still running and helping people with eye sight problems to access treatments. All these ideas are things that we are learning in our everyday life here in UK and export to our beloved ones back home...”

The Tanzanian diaspora send remittances in terms of money –financial remittances, material remittances (i.e. machinery, cars, computers, mobile phones, house interiors, and electrical equipment etc.) as well as social remittances (i.e. ideas and values etc.). Data gathered from the survey presents all types of remittances in terms of values as detailed by respondents. Financial remittances accounted for about 40% of the remittances flow to Tanzania from the Leicester-based Tanzanian

diaspora. Forty-five percent of remittances flow to Tanzania were material remittances such as machinery, large and small kitchen equipment, television sets and other home appliances, vehicles (cars and tractors), machinery (generators, water pumps) computers and phones. Fifteen percent comprised a combination of social remittances as reported by the diaspora (figure 7.2).



**Figure 7.2: Three categories of remittances sent to Tanzania**

### 7.1.4: What Channels are used to Transfer Remittances from Leicester to Tanzania?

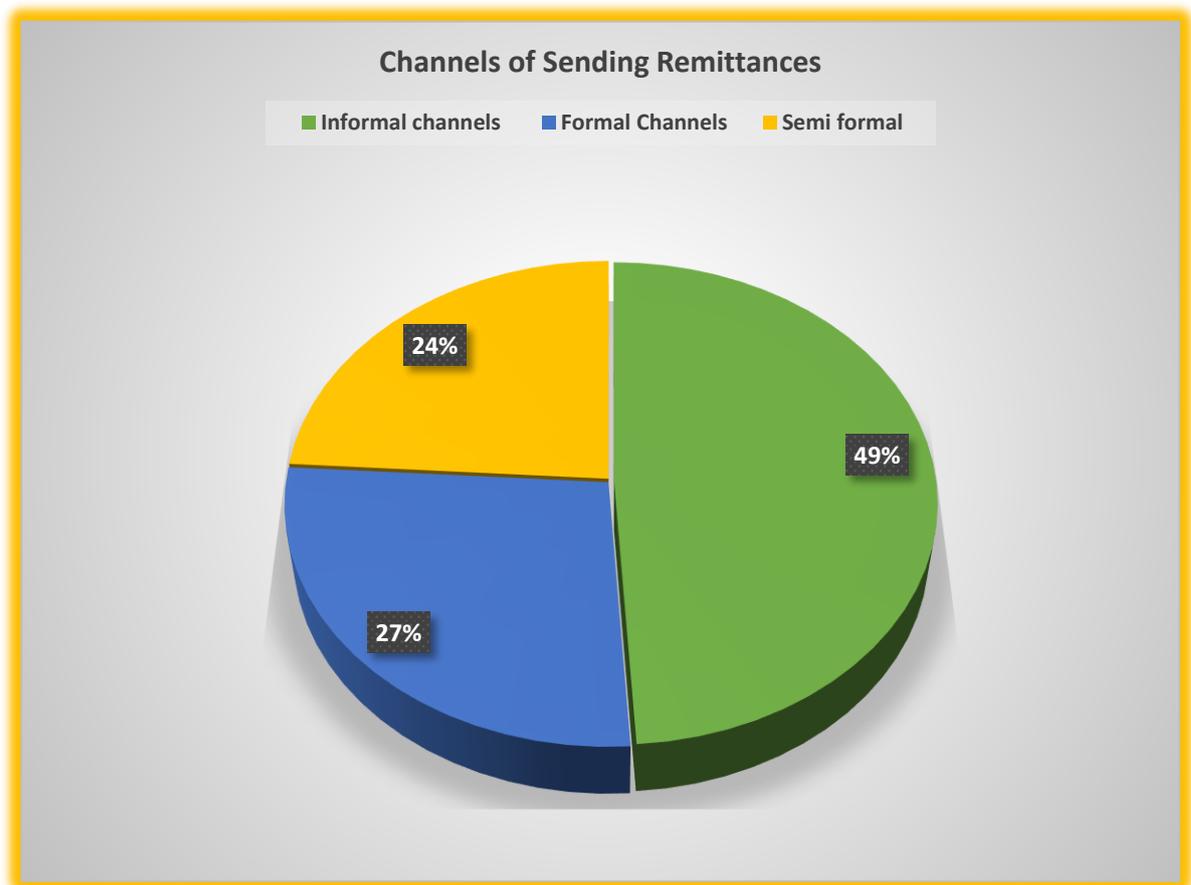
This survey indicates that 43% of the Tanzanian diaspora used informal channels to transfer remittances to Tanzania. Twenty one percent used formal methods, with only 7 % used bank-to-bank transfer. The main reasons for their preferences are costs of sending and lack of services in the interior regions of Tanzania (Table 7.8).

**Table 7.8 Remittance transfer channels and reasons for preference**

Preferred method of sending	Respondents		
	Frequency	percentage	Reasons for preference
Formal bank to bank	20	7%	Safety, security
Formal channels (e.g. Western Union, Money Gram)	61	21%	Reliable, safety, speed accessibility in Tanzania.
Informal channels (oneself, friend relative travelling back to the country)	124	43%	Cheaper, availability of services in Tanzania, speedy.
Semi-formal (e.g., M-pesa, local agencies)	84	29%	Cheaper, accessibility, safety.

This study showed that remittance channels used by the Tanzanian diaspora in Leicester to send remittances to Tanzania are similar to what the other African diaspora use to send remittances to their countries. They use formal and informal channels and both channels include export of financial and non-financial remittances– such as goods (e.g. generators, computers, cars, and electrical items) as well as social remittances (e.g. ideas, skills, values). However, 49% of respondents stated that they prefer sending remittances through informal channels

rather than formal channels simply because of the high costs/fees attached to formal channels (figure 7.3 and table 7.8).



**Figure 7.3: Channels used for sending remittances to Tanzania**

#### **7.1.4.1 Formal Channels used to Transfer Remittances to Tanzania**

Formal channels used by the Leicester Tanzanian diaspora to transfer financial remittance/money are banks and non-bank financial institutions, such as foreign exchange bureaus and dedicated money transfer operators (MTOs). The best known of these are Dahabshiil Money Transfer, Western Union, World Remit, and Money Gram.

Other MTOs tend to have much smaller networks serving geographic niches or specific populations. For instance M-pesa, is a money transfer and microfinance service in Tanzania. This method is very popular and efficient service used to transfer money within Tanzania and East Africa in general. M-pesa is also used in conjunction with other giant MTOs such as Western Union to reach receivers who are in the remote areas of Tanzania. Banking services and MTOs such as Western Union do not tend to operate in rural, remote areas of Tanzania.

As participant in FGD6 =BG2 pointed that:

“M-pesa imerahisisha sana utumaji pesa nyumbani hata vijijini”... (M-pesa has made it easier to send money back home than it was before ..... even if the receivers are living in the villages)

As far as non-financial remittances are concerned such as generators, computers, cars, and electrical items Tanzanian diaspora mentioned that they do not prefer using formal methods to import equipment to Tanzania due to the fact that the expense of sending through registered shipping companies is three times more compared to informal methods. It becomes even more expensive when sending a small piece of equipment or small quantities of items.

Some participants stated that they use formal methods for sending cars and big machinery through registered shipping companies such as Voovit UK and Amiri Cargo and parcel transfer such as DHL, and FedEx .

As one of participant in FGD1 =H said:

“ ...depends on what I want to send, if am sending cars or fragile equipment, for example, tablets, laptops ., then, I have no choice but to use reliable, insured and registered formal companies that send and ship to Tanzania such as DHL or Amiri cargo shipping company’ .... but if I’m sending something like Saucepans and computers or car spare parts, I have a choice to use either formal or informal methods, or even take them with me when I travel to Tanzania to visit my family...”

#### **7.1.4.2 Informal Channels used to Transfer Remittances to Tanzania**

Informal channels of remittance transfers to Tanzania include sending through friends, relatives, when people travel from UK to Tanzania, or to carry it oneself. The Tanzanian diaspora involved in this research mentioned that they prefer informal channels simply because they are cheaper compared to formal channels. The Tanzanian diaspora especially from remote areas of Tanzania said that they prefer informal channels because the formal infrastructures are weak or do not exist in much of interior rural places of Tanzania. Conversely, the use of formal channels increases in urban areas where the economy is more liberalized with strong financial sectors.

Informal channels are, therefore, mostly used with particular frequency wherever the financial sectors are weak, dysfunctional, mistrusted (e.g. due to corruption) or are missing altogether.

### **7.1.4.3 Semi-formal Channels Used to Transfer Remittances to Tanzania**

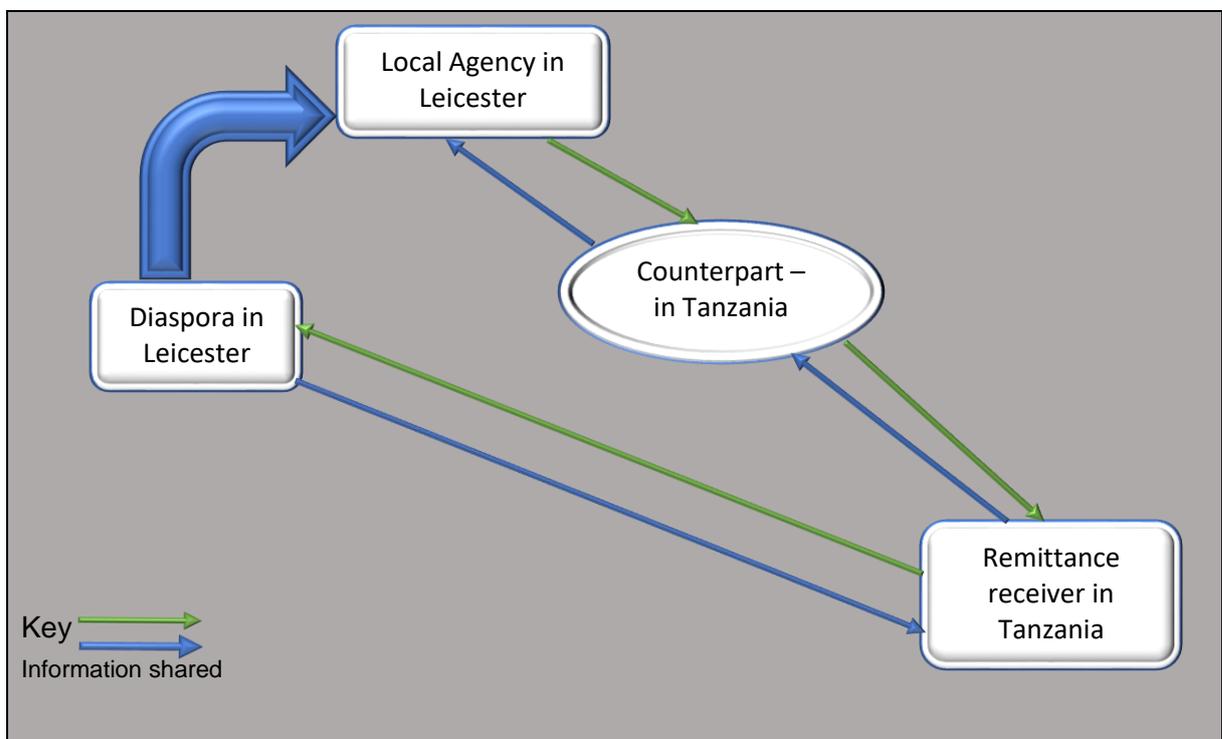
The inefficiencies and market failures of weak or mistrusted banks in Tanzania (as in many developing countries) have left a gap that has been filled by unstructured informal services and prepared the ground for what this research has referred to as '*semi-formal channels*'. Semi-formal channels normally involve both formal and informal methods of transferring remittances. They operate similarly to what has been known as *hawala* or *hundi* (methods of sending remittances commonly used in East and Middle Asia).

A distinct feature of this *semi-formal channel* used by Tanzanian diaspora in Leicester is that the services are operating totally on the basis of individual level trust. Arrangements are highly informal, unstructured and do differ from one service provider to another. For these reasons semi-formal channels are common to some Tanzanian tribes where there is a strong code of trust. Faith in these services declines particularly in tribes where rate of theft and robbery are well known in Tanzania.

Semi-formal methods are utilized through unregistered or non-official couriers, informal agencies, who normally work together in collaboration with other agencies in Tanzania, such as Mobile phone network money transfer, 'M-pesa' or with Bureau de change shops in Tanzania (figure 7.4).

This kind of service costs as little as £2 per transaction regardless of how much a person wishes to send.

Another example of how semi-formal methods can operate is that the service provider can opt to use a formal method such as Western Union and the money will be collected in an urban area, and then re-transferred by them using an informal channel such as using a bus courier, or given to a person who is travelling to the village or town where recipient lives.



**Figure 7.4:** An example of the semi-formal method of remittances transfers from Leicester to Tanzania.

The participants themselves have explained that the use of informal channels depends on familiarity, trust, proximity, reliability, and awareness, access to the service by senders in Leicester and the receivers' point of collection in Tanzania.

Apart from availability and accessibility of services, the choice of remittance service may be determined by other external factors such as foreign exchange fluctuations.

Subjective factors, like preference for a service where staff at the service point speak the same tribal language as the sender or receiver or share certain cultural values may also be important. As mentioned by participants in FGD1 =H, and FGD3=st M:

“Why should I use the services that I don’t even know their essence? ..... I send everything through X or Y because I know these people, they are from the northern part of Tanzania....we share the same culture and language....and at least I know who is benefiting from the profit that these companies X or Y are making by using their services...”

Another participant in FGD3=st M added:

“...and the good thing is that...although these companies X and Y are not operating as officially as, Western Union for instance, but they are a good assurance of reliability .....and most importantly we know that the profits gained by these companies X and Y are being reinvested back to our fragile economy in Tanzania..... I know the owners of these companies, they have opened a lot of other business in our region back home.....that help our people back home to get jobs and better services....., therefore we should support each other by making sure we support our people here.....who are working hard to help our country.....and for me and you what we can do is to ‘kumuunga mkono’ – ‘giving them a helping hand’ by using and buying goods and services from their shops...”

In addition, this research has also found that the prevalence of using informal channels can vary by tribal groups e.g. Chagga, Pare, Nyamwezi, Sukuma, Sambia among Tanzanian diaspora in Leicester. This is due to two factors as raised by participants. Firstly, how many Tanzanian diaspora from the same region/clan/ tribe “home-boys” or “my village-people” are in the UK, i.e. how many Tanzanians who originally came from the same village or tribe are here in the UK. As the quantitative research results presented in following sub-section show many Tanzanian diaspora come from certain regions of Tanzania. Hence, this has the effect on the choice of method of sending remittances back home. For instance, those who are from the

same region / tribes, for instance the Haya, Sukuma tribes, people from Mwanza, Shinyanga find it easier and prefer to use informal channels because they can easily form some sort of social network here in the diaspora as well as back home. But for those who are from the same region of Tanzania in small numbers they lack the ability to form good social network. Hence, they rely on formal channels, for example, Masai, people from Manyara regions.

Secondly, the level of trust or rather stereotypes that are held amongst Tanzanians, also affects the choice of method of remittance sending. Some tribal groups of Tanzania are said to have very strong codes of trust, such as Tanzanians from central, west and south of Tanzania, and some tribal groups are perceived to have weaker code of trust.

As some participants in FGD2 =BL argued:

“ It depends on how many of ‘home boys’ are here .... And also their level of trust, because..., it’s not easy to trust everyone....hahaaaa... (a joke) like “mchaga na pesa”— the chagga people are naturally money-conscious’ hence less code of trust even among themselves”. (Chagga are people from northern Tanzania)..”

#### **7.1.4.4 Transmission of Social Remittances**

With regard to social remittances, the Leicester-based Tanzanian diaspora said they acquired social remittances through formal education and training in colleges/universities or in the work place and through natural integration and socialisation into British society which is multi-faith and multi-cultural. Social

remittances obtained here in the UK are geared to deliver new ideas and skills in Tanzania which can then be invested to establish development activities in Tanzania. As one participant in FGD2 =BL explained:

“.... Our country (Tanzania) is fully of natural resources....so many raw materials are there..... we don't need to send raw materials there.....and we have healthy and well abled people with great hospitality.... All what we need is 'technological know-how.....' skills and technologies are far back compared to here (UK)... ..... Skills and technologies are what we need to transfer back home... money alone or equipment will not bring any significant changes into our economy... without technologies` and skills”

Generally, the Leicester-based Tanzanian diaspora identified social remittances they send to be many and widely diverse. They include work ethics, social values, cultural influence, innovative ideas, knowledge, sound political contributions, policy reforms, valuable democratic habits and attitudes, appropriate peace-making ideas and practices, new technological skills and social capital (i.e. knowledge, experience and expertise).

This suggest that the social remittances that the Tanzanian diaspora possess and transfer are equally as significant as financial / material remittances or perhaps even more as it is suggested, due to the effect that social remittances have in terms of development and poverty reduction in Tanzania. As one participant in FGD4 =E put it:

“ we who are in the western world....., we are lucky to be in these advanced, democratic societies... we have the chance to learn from all sources.....be it classrooms/universities or just by learning from the structures of the western societies.....we are consciously or unconsciously adopting things like democracy and social- political rights.... All these everyday learning gives us new knowledge, skills and experiences .....that what we transfer back home and do benefit our communities, our governments and our leaders....”

In addition, some participants in FGD6=BG2 pointed out:

“we are using some sort of transnational trade networks to mediate and smooth the connection with our family members as well as businessmen and women in Tanzania and East Africa,.....I have dealt with many businessmen in Dar es Salaam, Mwanza and Arusha who cannot afford to promote their domestic products and secure markets in the western world.....we work together and make things happen.....”

These types of trade networks facilitated by the Tanzanian diaspora are the most valuable in the way that they help to engage in informal trade for their livelihood. This is due to the shrinkage of the formal national economy in Tanzania. Informal trade is the biggest market economy in Tanzania, as it is for many African countries (Hansen, 2012).

Another channel used by the Tanzanian diaspora to transfer social remittances is in face to face talks with key potential Tanzanian socio-economic and political leaders when they visit the UK.

As one of the participant in FGD5 =BG1 argued:

“..... I believe that we, Tanzanian diaspora are having a better chance to sit down and talk with ‘vigogo’ (‘the top potentials official figures’), and ‘vinara’ of Tanzania (- potential businessmen/women) when they visit UK..... For example, last October I, and many other Tanzanian in London and all over UK we had a chance to meet and speak to the President of Tanzania- Mr Jakaya Kikwete and many other Tanzanian top political leaders at the Tanzania embassy in London..... we had a very good agenda which delivered a lot of valuable points to our leaders.... If they will take action on what we delivered to them, and keep that kind of mediation between Tanzania government and we the diaspora here in UK, am sure we will succeed at least in one sector of socio-economic development....”

Another participant in FGD6 =BG2 said that:

“ ...whilst it is very hard for individual people to communicate with top officials or business men/women while you are there as a Tanzanian citizen, ..... it has become easy for us who are here as diaspora to approach them when they visit UK and exchange ideas and somehow introduce new ideas to them on how things should be done over there..... For instance, I had a chance to talk to Director of National Social Security Funds (NSSF) and we discussed number of valuable issues that myself as a postgraduate and employee in social policy sector here in Midlands, believed could be beneficial if they can be incorporated in NSSF policies in Tanzania...”

The Tanzanian diaspora explained that meeting top Tanzanian political leaders and business people enabled them to transmit social remittances and influence power elites from the homeland to adopt different approaches and strategies. In this respect, social remittances transmitted by the Tanzanian diaspora, merit particular attention as this brings to the fore the social impact of diaspora activities on the socio-economic and political life in the home country. Therefore, social remittances transferred by Tanzanian diaspora can improve the socio- economic and political life in the home country if they can be directed in right channels and purposefully harnessed

The transmission of social remittances is basically done informally. Informal channels through which the Tanzanian diaspora transmit their social remittances to the people back home takes place when individuals in the diaspora return home permanently or for holidays and family visits. The ideas and social values that the Tanzanian diaspora introduce to people in Tanzania are frequently accepted because of the higher social status of the western societies that the diaspora carriers

are accorded among the society. This is because of the wealth, knowledge and networks that the diaspora acquired abroad which give them a tremendous prestige as well as power that comes from these resources. As one participant in FGD2 =BL argued:

“...we have to accept that things are done so differently back home compared to what advanced society are doing ..... so much of the ideas or social value that we take with us when we visit our relatives back home have had a huge impact and have improved the lifestyle of many Tanzanian in there ...as they can easily be adopted”

Another informal channel that most Tanzanians are using to transfer remittances occurs when they communicate directly with family members, close friends or persons with whom they share mutual social ties about different kinds of social-economic or even political ideas and practices and encourage emulation and pursuance of reforms in the homeland. In this particular case, the African diaspora transmits social remittances from the host country intentionally to a specific recipient or group of recipients in the homeland to influence their conduct in the social or political arena.

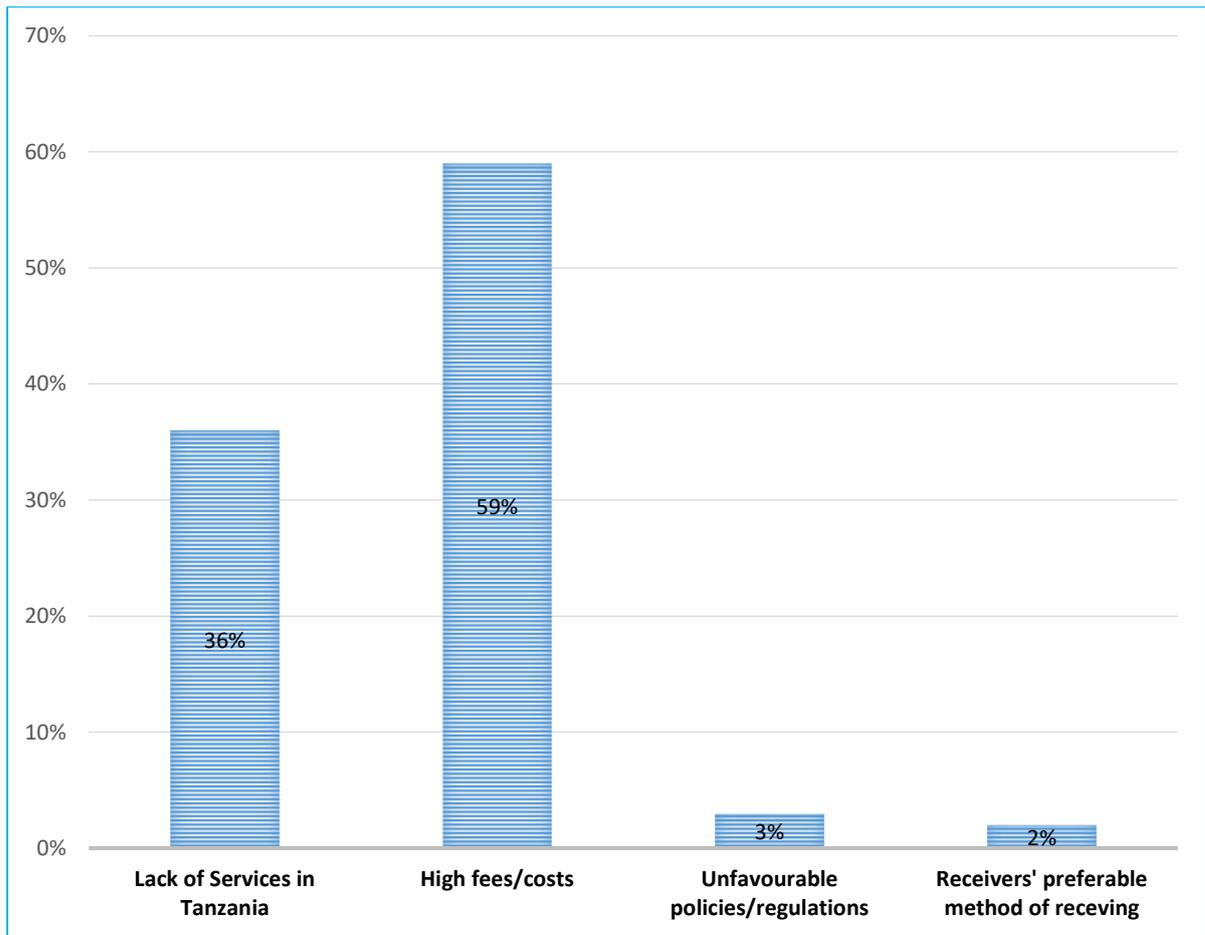
Social remittances are also being transmitted through day to day communications such as telephone calls, emails, internet chats or videos. These informal contacts enable the Tanzanian diaspora to transmit social values, attitudes and norms that have a transforming impact on the prevailing notions of those who stay behind regarding social relations practice, democracy and good governance.

As the transnationalism perspective claims (chapter 5, section 5.1.4, (iii) ), the findings above reaffirm that technological progress and new capabilities in

communication and transport technologies (e.g. telephone, Internet, planes) facilitate diaspora's connections with their home societies and make for faster, easier, and cheaper transfer both social and financial remittances than in the past.

### **7.1.5 What are the Barriers to Remittance Transfers from Leicester to Tanzania?**

Remittances sent from Leicester to Tanzania are characterized by high fees (costs of transfer), fragmentation of the delivery chain, insecurity and poor compliance. The findings from this study show that more than half (59%) of respondents felt high fees costs, and charges of sending and receiving remittances are major barriers to remittance transfers (figure 7.5). Also thirty six percent indicated that the lack of financial services in many of the regions of Tanzania was also a major barrier to remittance transfers (figure 7.5).



**Figure 7.5: Barriers to remittance transfers**

The Tanzanian diaspora involved in focus group discussions also identified cost of transferring remittance as the main challenge associated in particular with the formal channels of sending remittances such as bank, Western union, World Remit, Dahabshiil or Money Gram.

Participants stated that whilst the cost of remittance transfer from Leicester to Tanzania through informal channels can vary between 1 to 2 percent of the value transferred, the cost of transfer remittance via formal channels can be up to 20%. The costs vary by the amount remitted, service used, destination, and the sending country.

As one participant in FGD2 =BL said;

“..... although we all understand the risks associated with sending remittance through informal methods, for instance, carrying cash in person from Leicester to Tanzania..... anything can happen, be it loss, theft, robbery .... but we rather take these risks than pay very high fee for sending just a small amount of money to our beloved ones...”

In this study, participants also mentioned that another critical factor is the accessibility to the transfer services in Tanzania. While urban places of Tanzania offer fairly good access to remittance transfer services, rural areas of Tanzania have very poor remittance infrastructures. Many formal remittance channels weaken or break down completely beyond an initial arrival point in the rural area. Diaspora have to incur extra charges to send someone from a rural to urban area so they can collect the remittance from the arrival point or use a combination of channels, to receive the money. For example, they send money by Western Union up to the urban arrival point and then use M-pesa – mobile money transfer from the urban to the rural area where the recipient lives (i.e. semi-formal channels).

Moreover, the participants mentioned that factors such as ‘easy and speedy’ (i.e. efficiency) are crucial when deciding which channel to use for sending remittances. Most informal channels such as M-pesa or hawala are almost instantaneous or take just a day to reach the recipient. Most bank transfers, by contrast, are quoted as taking three to five business days. Although there are fast track services with some formal channels, for instance, Western Union, the amount of fee is almost doubled when using instantaneous / minutes fast track services.

Furthermore, participants mentioned that bureaucratic obstacles, and money policies and regulations operated both in the UK as well as in Tanzania have hampered the sending and receiving of remittance from Leicester to Tanzania through formal channels. Money policies such as anti-money laundering and foreign exchange regulations impose strict adherence to personal identification, the procedures that make the use of formal channels such as the banking system not desirable even though it is a more secure method. From the participants view point the requirement for identification procedures is taken as “an invasion of privacy of both the senders and the receivers of remittances” said participants in focus group discussion. In particular, a participant in FGD3=st M said that:

“..... I don't feel right to declare my passport, proof of address and other thing in order to open the account and send just a small amount of money to my relatives.... to me that is an invasion of my privacy...”

Informal systems are also the most straightforward and least complicated (e.g. person-to-person or oneself) transfer services. Unlike bank transfers, neither the sender nor the receiver need have an account or declare their identity, although some informal agents require some identification.

In addition, informal transfer services also offer innovative remittance methods designed to suit overseas workers' earning patterns. In some instances this has improved service levels and led to the development of new products within the formal sector. In Dar es Salaam and Unguja, for example, several companies, bureau de changes, and couriers now offer door-to-door delivery of money or goods. As a participant in FGD3=st M who is the business partner of one of the courier companies in Zanzibar explained:

“..... Sasa hivi kila kitu rahisi mzigo ukifika Zanzibar hupelekwa mpaka nyumbani kwa muhusika... nafahamu kampuni zinazofanya hivyo kama vile AZAM na nyinginezo (now everything is very easy, when remittance reach Zanzibar; they can be delivered right to the recipient residential place). I know few companies that can deliver those services including AZAM and a lot more...”

As far as social remittances are concerned, the participants mentioned that at the moment, they transmit their social remittance from the UK to Tanzania in an ad hoc, limited and sporadic manner, because methods of sending and receiving are unstructured and unsustainable. One of the participants in FGD4 =E explained:

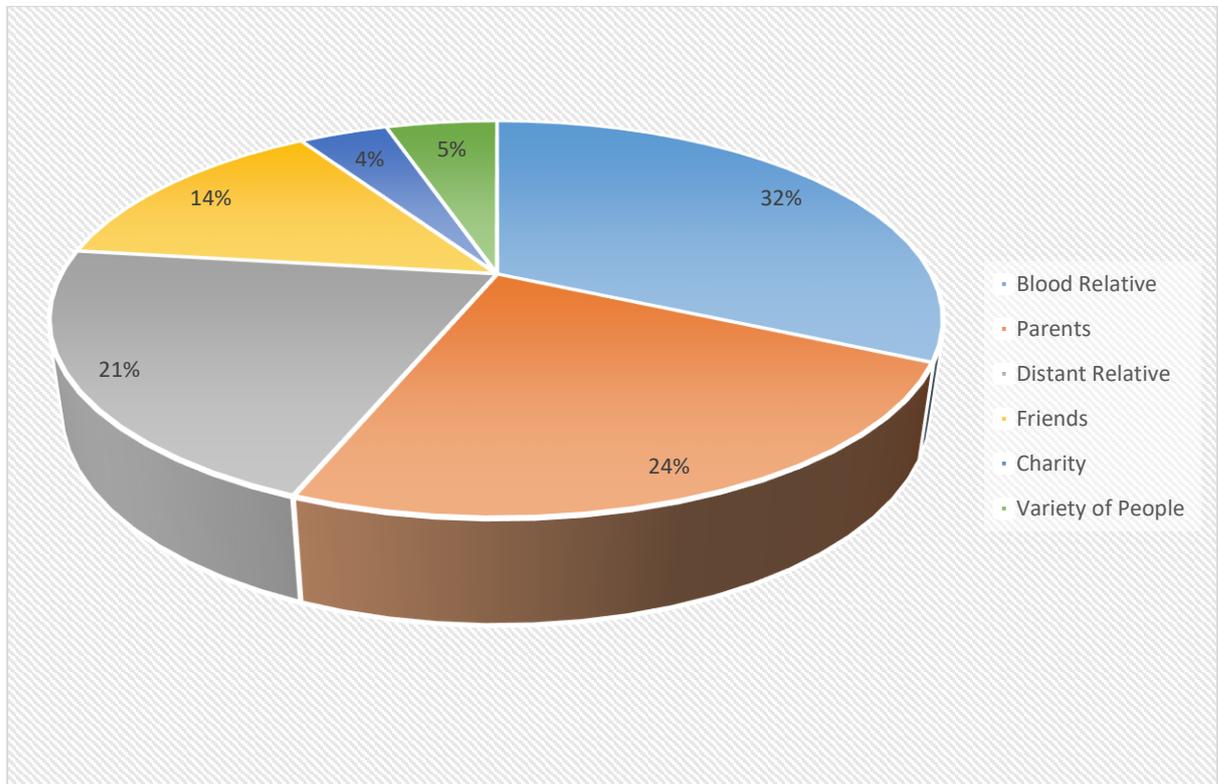
“the methods of sending remittance back home to Tanzania,...and may be to any other country in the world remain narrow and unprofessional.... There is no efficient means of transmit social remittance from one point to another..... governments may need to formalize the methods of sending remittance and make them more recognizable to societies.... In so doing they can then integrate those channels into other international agencies and the UK government channels used for transmit human resources to our countries...”

### **7.1.6 To whom are Remittances Sent?**

As can be seen in figure 7.6 the largest percent of remittance (32%) is sent to immediate/ blood relatives. Twenty four percent send remittance to parents and only 4%, of total remittance transfers are channelled directly into small organisations or charities based in Tanzania. The focus group results with Tanzanian diaspora in Leicester also support this findings. For example, one participant in FGD4 =E argued that:

“.... I send about £2000 every year to my relatives in Dar es salaam .....but sometime £100 or 200 to ‘Pare Women Association’, this association is a small micro finance group which

help women on saving and borrowing in Mwanga district ..... this little amount I contribute brings a lot of positive effect to other members of that community.....”



**Figure 7.6: To whom are remittances sent?**

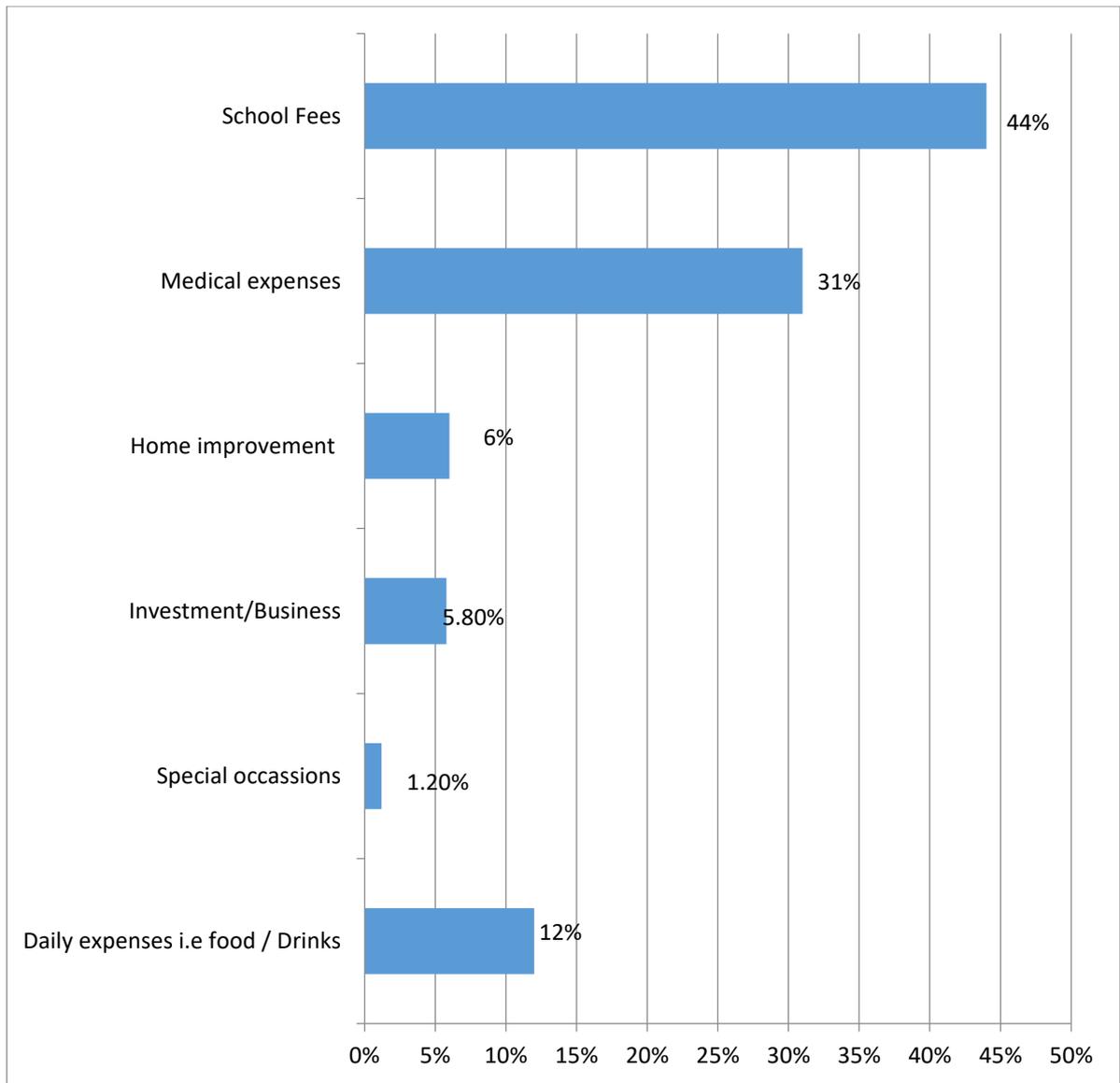
This also proves that migration is a livelihood strategy pursued by household members who invested money in sending their family members abroad (diaspora) with the hope that the diaspora will send remittance to them (family members who remain behind) to help them to improve their living conditions. Therefore, it is not surprise to find data as presented in figure 7.6, which shows that the majority of remittances are directed to the family members of a diaspora.

### **7.1.7 What are the Perceived Uses of Remittances in Tanzania: the Diaspora's Viewpoint?**

As shown in figure 7.7, the findings from the survey show a large percentage of remittances sent to people in Tanzania were aimed towards fundamental needs such as sending children to school (44%) and for health expenses (31%). The diaspora also indicated that they send remittances for investment, loan repayments, daily consumption such as for food and drinks as well as for special occasions.

Findings from all the focus group discussions also revealed that remittances helped recipients to increase their daily intake of food and the quality of food, to take good care of their health, to send their children or siblings to better schools, and to give siblings a proper education with adequate learning materials.

Therefore, as the theoretical framework of this study suggests (chapter 5) migration and remittances are viable livelihood strategies for many households. By following this strategy, one or several members migrate in order to find better opportunities and send remittances which can contribute to livelihood security of the family members by giving the household an extra source of income to meet their basic needs and improving their quality of lives.



**Figure 7.7: The perceptions of Tanzanian diaspora on the uses of remittances**

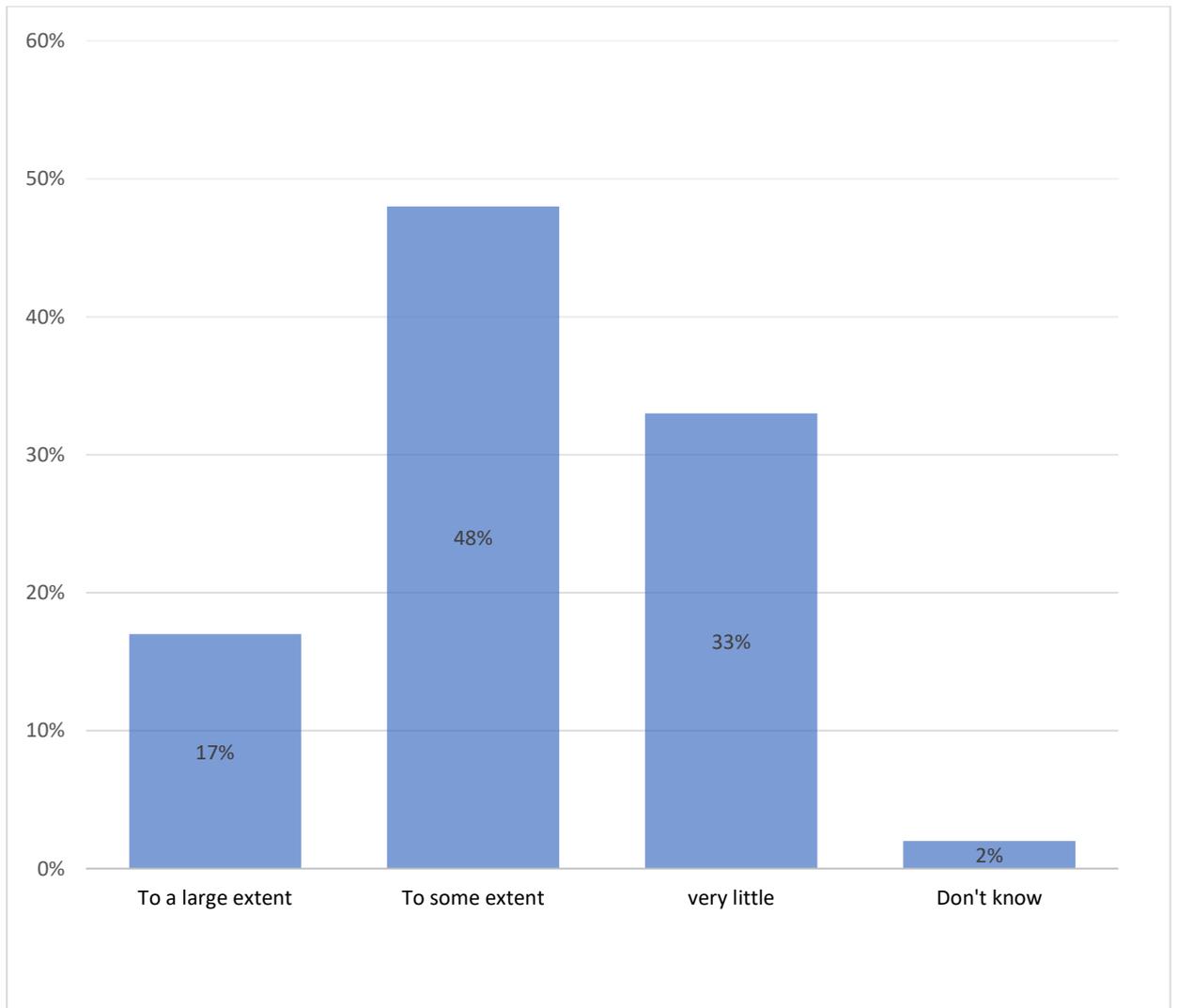
### **7.1.8 What are Perceived Effects of Remittances on Poverty Reduction and Development in Tanzania: the Diaspora’s Viewpoint?**

The findings from the survey indicate that a largest percentage (48%) of the members of the Leicester-based Tanzanian diaspora believed that the remittances they sent back home helped to reduce poverty to some extent. Only 17% felt that remittances reduced poverty to a large extent (figure 7.8).

Similarly, participants in focus group discussions argued that remittances can have a variety of impacts on receivers- family members. They said that remittances play an extremely influential role; help the households to overcome their capital constraints and to invest in different productive activities such as small scale enterprise and agricultural production. Remittances also help families to invest in education, and health care. Remittances, therefore help families to sustain their livelihood and improve their living conditions.

As focus group participants from FGD1 =H, and FGD3=st explained:

“...whatever we send back home helps our families members basic needs... ..paying school fees and access medical services when needed....some of the monies are used to improve farming or even setting up small businesses....”



**Figure 7.8: The perceived effects of remittances on poverty reduction in Tanzania**

## **7.2 Findings from Case Study 2: Remittance Receivers in Tanzania**

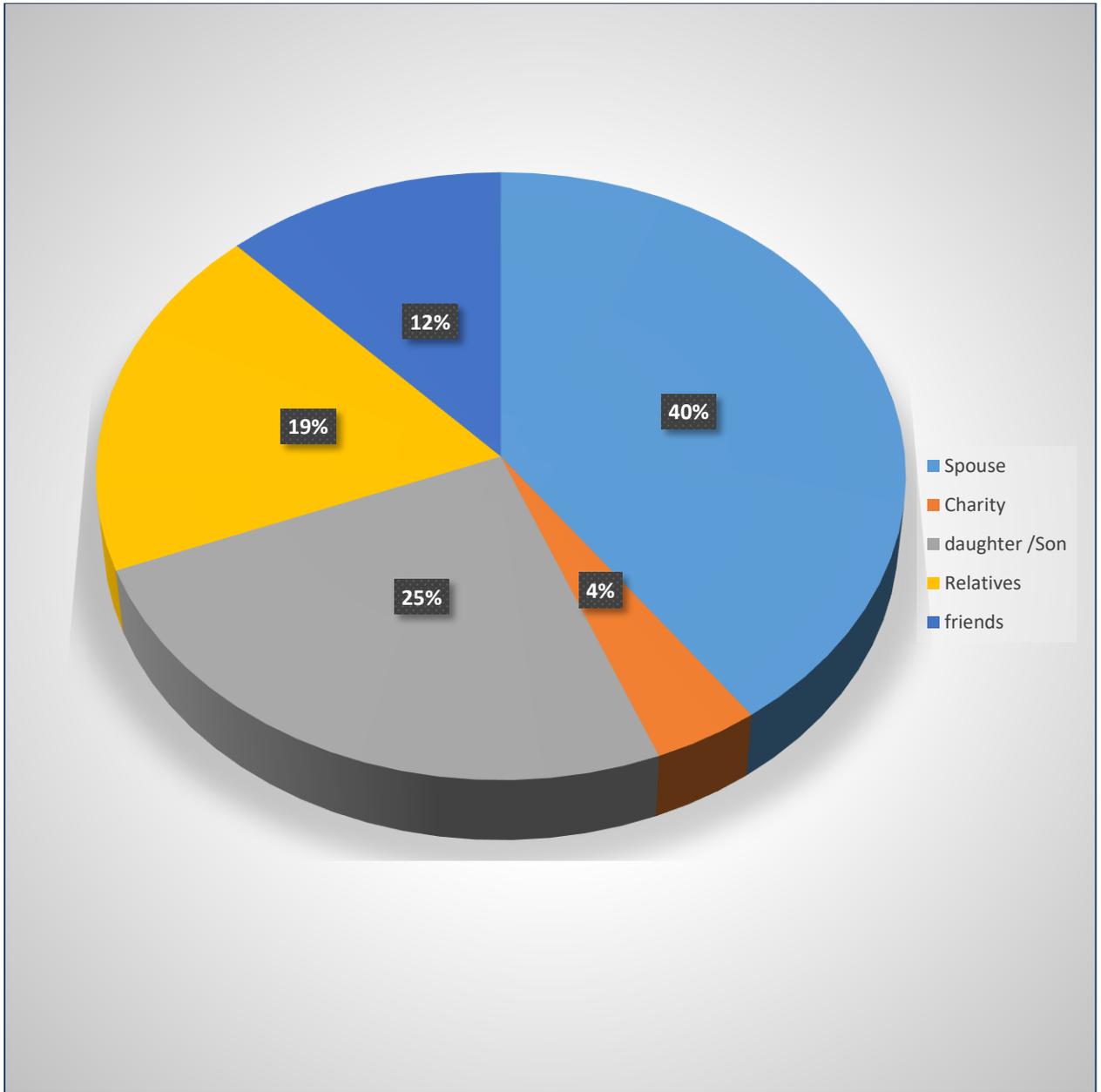
This second sub-section presents the findings from the semi-structured interviews conducted in Tanzania from 5<sup>th</sup> July 2014 to 13<sup>th</sup> September 2014.

Semi-structured interviews were conducted with a total number of 160 (N=160) people receiving remittances from Leicester, living in different part of the Tanzania

(chapter 6). Most (48% N=96) of the remittance-receiving households were female-headed. The average number of household members differs from the urban to the rural. In Dar es Salaam, for example, the average urban household has four members, while in rural areas on average there are six members.

### **7.2.1 What are the Remittance Receivers' Relationships to Diaspora?**

On the basis of this study findings, as can be seen in figure (7.9), almost 87% of remittances from Leicester to Tanzania are sent to family household members. The remittance receivers were related to the diaspora in Leicester in various ways: Spouse 64 (40%), parents 30 (19%), brothers and sisters 18 (11%), sons and daughters 12 (7%), distant relatives (uncle, aunt, cousin, grandma/grandpa) 16(10%), friends 14 (9%), charity/organisations (schools, community organisation, church, mosque) 6 (4%).



**Figure 7.9: Remittance receivers' relationships to diaspora**

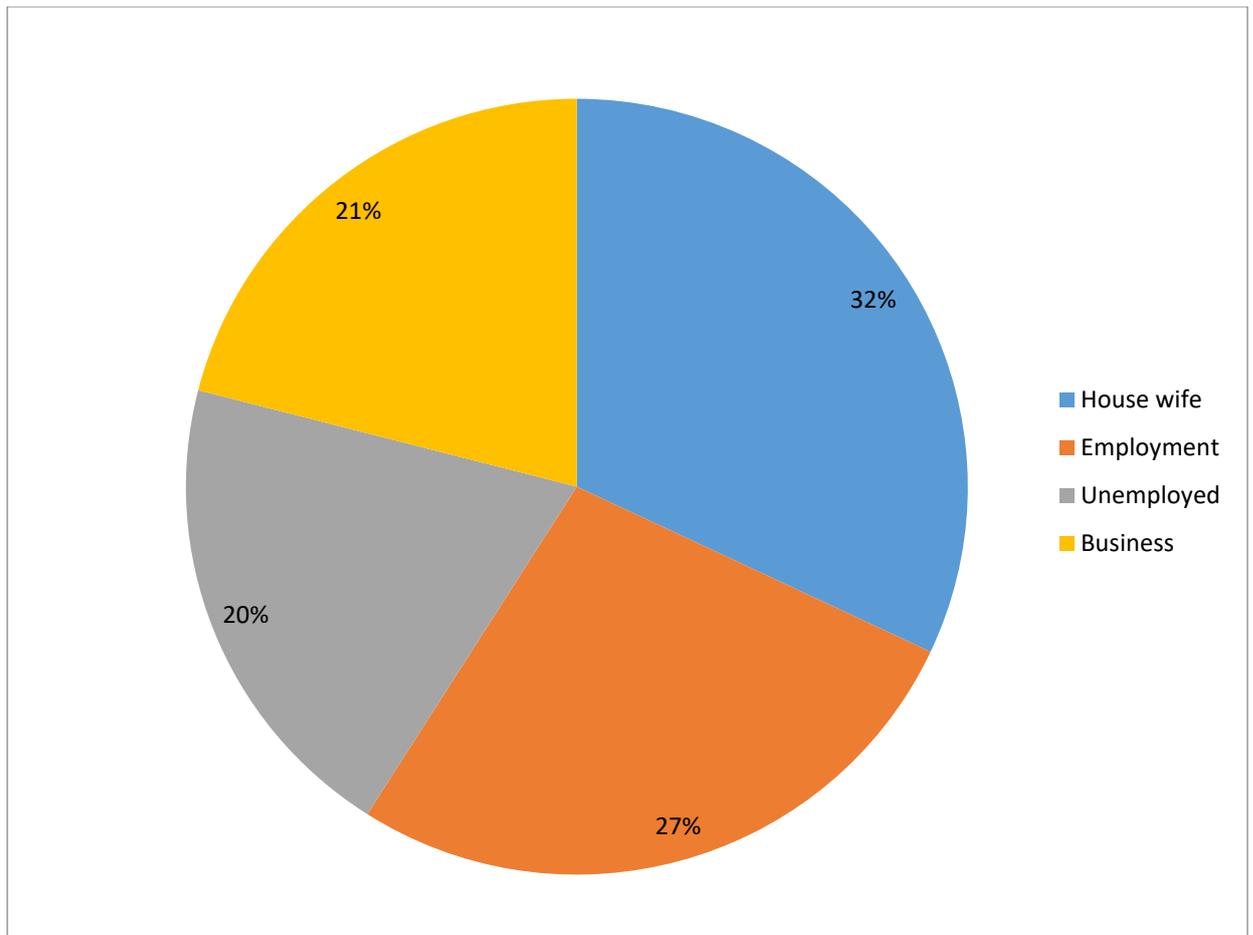
As shown on section 7.1.6 and figure 7.6 there is no surprise to find figures as presented in figure 7.9, which show that receivers of remittances from Leicester are related to a diaspora (i.e. members of the family). The main reason for this trend that remittances are directed to diaspora family members of a diaspora is because migration and remittances are livelihood strategies trailed by diaspora's family members.

## **7.2.2 What are the Remittance Receivers' Occupations in Tanzania?**

Of the majority, 32% of all interviewees were the wives of diaspora in Leicester (figure 7.10). These wives are heads of the households with dependent children, so they undertake extra responsibilities of parenting in the absence of the father. Furthermore, as one interviewee explained, the responsibilities previously undertaken by others, such as managing finances and dealing with other household logistics, would now need to be taken up by the only one household head (female/wives) alongside her parenting. The significance of this is hampering the abilities of such women to engage fully in economic activities, and they rely mostly on remittances sent by fathers/husbands.

When asked about their occupation, the largest percentage (32%) of them described themselves as housewives. Only 27% of interviewees were employed, and twenty one percent of interviewees were involved in small businesses (figure 7.10).

This suggests that remittances may constitute a significant portion of the earnings of households. Remittances provided income insurance for households to diversify and to mitigate the risks of low income.



**Figure 7.10: Occupations of remittance receivers in Tanzania**

### **7.2.3 What are the Average Value of the Remittances Received from Leicester?**

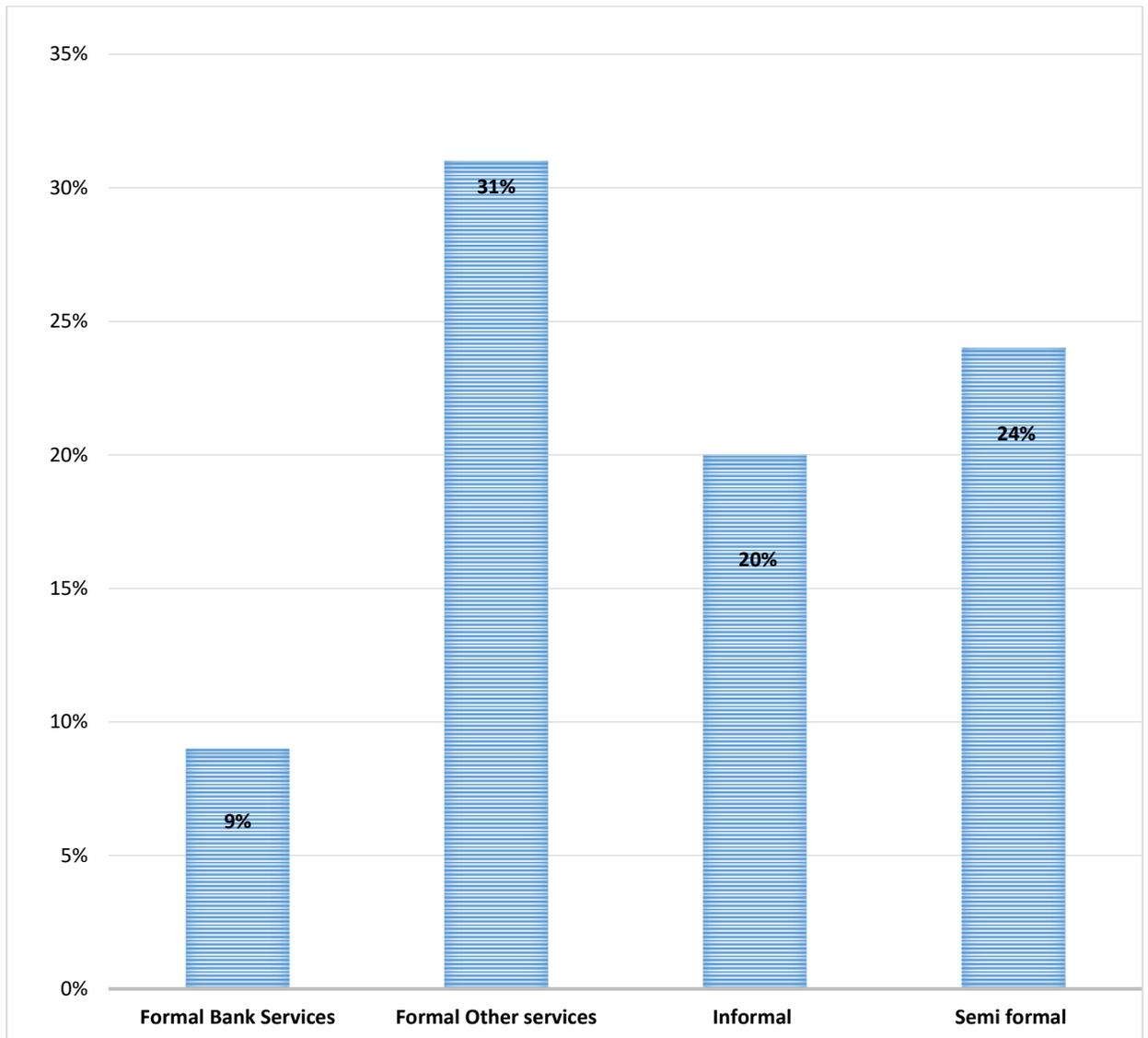
As reported by interviewees, the average of remittances received is approximately between 250,000/= to 500,000/= Tanzanian shillings (Tsh.) which is equivalent to £100 to £200 a month. Only 7% received more than 500,000/= shilling per month. Table 7.9 below gives quantitative details.

**Table 7.9: Average value of remittances received from Leicester per month**

Frequency	Amounts/ value (in Tsh. /=)	Percentage
Monthly	125,000/= to 250,000/=	26%
	250,001/= to 300,000/=	29%
	300,001/= to 400,000/=	23%
	400,000/= to 500,000/=	15%
	More than 500,000/=	7%

#### **7.2.4 What are the Preferred Channels of Receiving Remittances from Leicester?**

When asked whether they had any preferences regarding the method of receiving remittances, 49% of interviewees replied “no”. Of those who have a preference and elaborated further, 31% preferred formal channels such as Western Union, and Money Gram, but not bank transfers. Only 9 percent preferred to receive remittances through a bank service. The interviewees explained that this is because most of them do not have bank accounts and that also there is a lot of bureaucracy in retrieving the money when receiving remittances money through banks (figure 7.11).

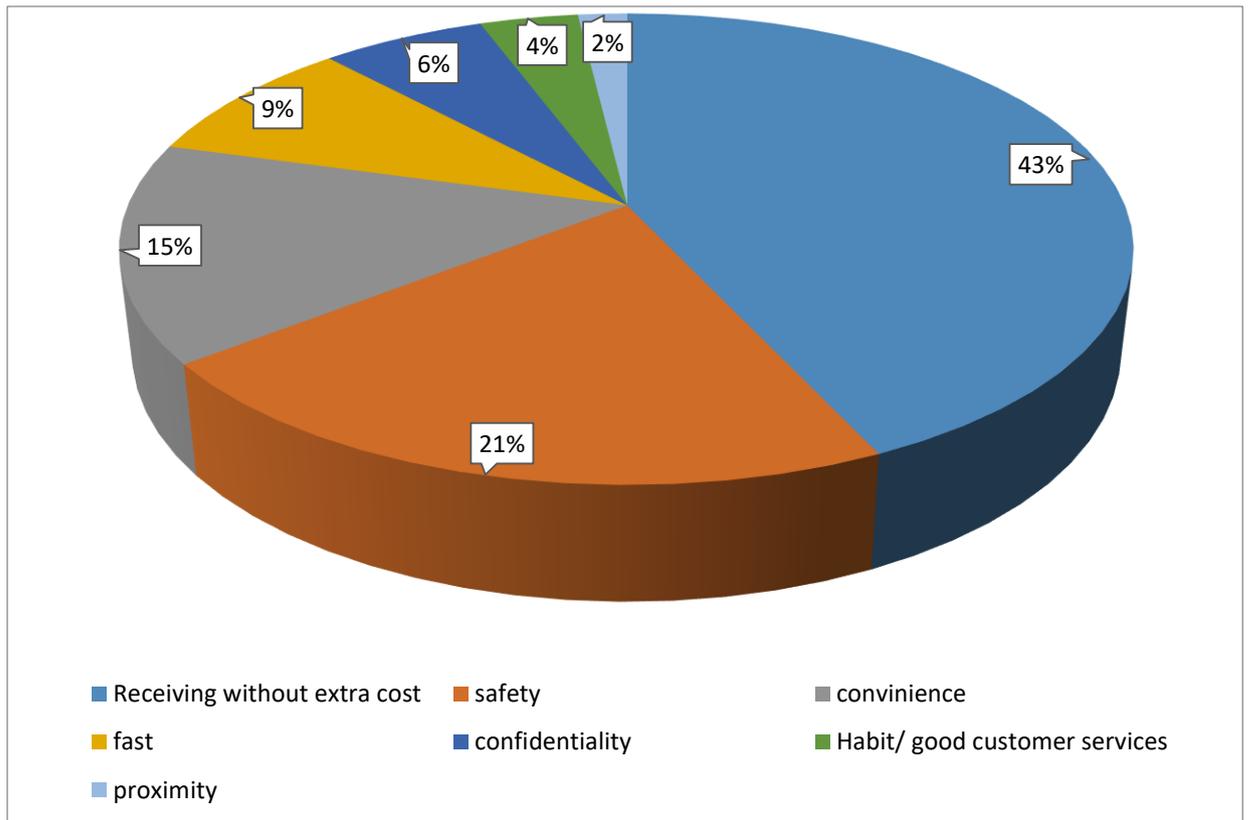


**Figure 7.11 Preferred channels of receiving remittances**

### **7.2.5 What are the Reasons for Preferred Channels of Receiving Remittances?**

As shown of figure 7.12, the main reasons for preferences given by interviewees are without extra cost (43%) and safety (21%). The majority preferred to receive remittances without extra cost, as some services charged up to 20% of value received. As one of the interviewees from Tanga explained;

“I prefer to receive the money or anything from my daughter in England through local agencies as they are very cheap, and most of the time I don’t have to pay anything..... although it takes a bit longer to reach us here but we are assured to receive all what she sent to us without any fee deductions...”



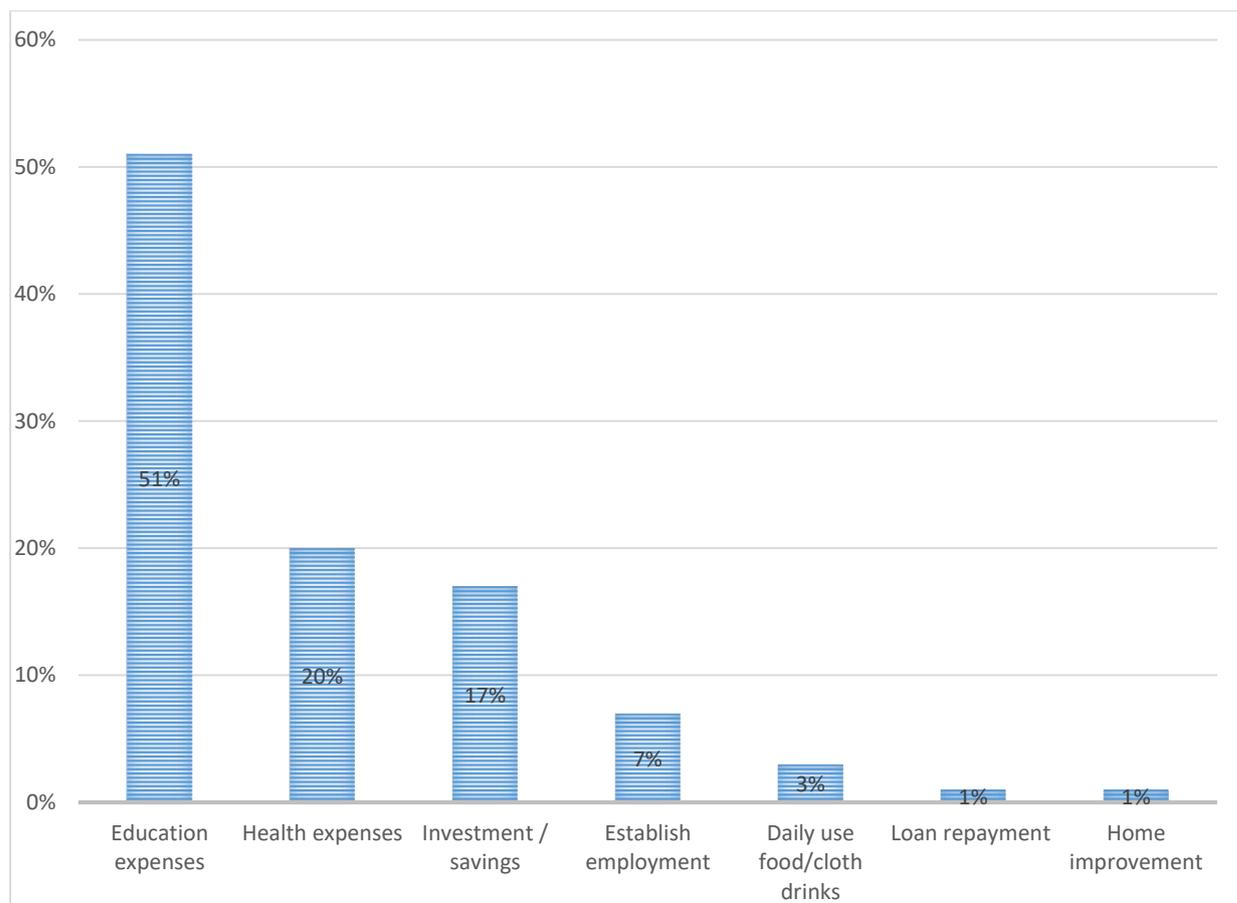
**Figure 7.12 Reasons for preferences on channels of receiving remittances**

Nevertheless, these findings regarding receivers’ preferences on the methods of receiving remittances are different or rather contrasting with what the Tanzanian diaspora in Leicester describe as their preferred methods of sending remittances, as detailed on table 7.8 of this study, only (21%) of the diaspora preferred formal (non-bank) channels of sending remittances.

### **7.2.6 What are the Uses and Effects of Remittances on Poverty Reduction and Development in Tanzania: the Remittance Receivers' viewpoint?**

When asked what remittances were used for, the most frequent answer (more than 50% of the participants) was that the receivers, especially women household heads use remittances for education expenses, i.e. paying school fees and buying school equipment for children.

The next most represented usage (20%) was health / medical expenses, which was closely followed by investment in land, and building of houses (17 %). Only 3% used remittances received for daily consumption i.e. for food, drinks (figure 7.13). These results are similar to the result shown on figure 7.6 whereby majority of diaspora (44%) stated that they send remittances to help their family members with school fees.



**Figure 7.13 The uses of remittances in Tanzania: receivers' viewpoints**

Interviewees explained that a large percentage (51%) of remittances goes on education expenses, and especially private schools because the free public schools offer a very low quality of education (see appendices 8 and 9). As one interviewee from Morogoro said:

“.....hatuna njia nyingine ya kuwaelimisha watoto wetu..... shule za bure za serikali hawapati kitu.....zimejaa...na elimu ni ndogo na mbovu kabisa ( we do not have any other means of giving our children better education..... free public education are so crowded and the quality of education is very low ...”

Added to that, although most of the remittances to Tanzania are transferred between individuals, there are few organisations / charities that received remittances from diaspora. As one of the interviewees from Pwani explained:

“..... Ninety percent of the money used to build those four new classrooms in front of us, new office building and the school library are from students who studied here years ago.....they have successful lives and are now living abroad.... they have established a trust which receives a certain amount every now and then it is the monies that have been used to bring this significant effect in our village..... For the last five years we have received about 32 million Tanzanian shillings (£12000) from Tanzanian living in the UK... some of these monies have been used to buy school furniture such as desks.”

(appendix 8)

The researcher has also witnessed the effect of remittances on employment and the building of health centres. For example, the researcher traced the transfer the remittances including tractors and other agriculture equipment from Leicester to the Pwani region in Tanzania, which were used to establish a mixed fruits and vegetable farm. The farm generates employment for more than 75 Tanzanians in that particular town, and this has multiplier effect in the community and country economic development.

Therefore, although not a comprehensive survey of communal or collective remittances to Tanzania, these findings do indicate that they do contribute positively on individual, community and national development.

Again this indicates that migration is a livelihood strategy and the relevance of this strategy becomes greater especially when the opportunities for livelihood

diversification are very limited. Accordingly, this phenomenon explains why the majority of labour migrants are originally from poor countries and how remittances can contribute to livelihood security of the household members.

Some remittance receivers mentioned that they preferred to receive goods from the UK rather than cash remittances which can be used to buy (imported) goods in Tanzania. Interviewees explained that although most of goods in Tanzania market are imported, especially from Asia (China, and India being the main importers). The reason for them to prefer 'goods remittances' rather than 'cash remittances' was because they believe goods from UK are of a better quality.

As one interviewee from Arusha pointed out that:

".... If my daughter or my son send us money, we prefer to use that for other things, but generally, me and my husband prefer to receive goods like mobile phones, TV, kitchen equipment, computer and other electrical stuff from UK.... Stuff from there are of better quality compare to what we can buy from here ... where most things are from China..."

Further, recalling that remittances are one of the development effects of migration, such effects are felt most distinctly in poor receiving societies like Tanzania. Nonetheless, many of remittance receivers in this study said they were not financially dependent upon what the diaspora in Leicester sent to them. As the interviewees from Moshi, Kilimanjaro put it:

“..... It is not that I am financially depending on my son in the UK or my daughter in Canada..... I raised them myself without any financial assistance from anyone, but having said that remittances do help us in time of emergency... or when things don't work out as they should...”

With this quote, one can argue that remittances do not create dependency. They are rather, being used as an additional welfare support to people when the government has failed to do so.

### **7.3 Findings from Case Study 3: Tanzania Government Institutions and Other officials**

This third sub-section presents findings from semi-structured interviews with Tanzania government institutions and other officials, such as Bank of Tanzania (BoT), Ministry of Foreign Affairs, the International Organisation for Migration Tanzania (IOM), and Research on Poverty Alleviation- REPOA, University of Dar es Salaam and Tanzania Entrepreneurs Development Association- TEDA. As mentioned in chapter 6, the interviews were conducted from 23<sup>rd</sup> September 2014 to 17<sup>th</sup> October 2014.

### 7.3.1 What are the Effects of Remittances on Poverty Reduction and Development in Tanzania: Tanzania Government officials' viewpoint?

During the interviews with Tanzania government officers and officials, it was revealed that Tanzania has been registering modest amounts of remittances compared to other East African countries particularly Kenya and Uganda (table 7.10). Officers of Bank of the Tanzania- BOT reported that little has been done in understanding and collecting data on international remittances. This means that there may be a gross underestimation in the amount of remittances recorded by the Bank of Tanzania as shown on table 7.10.

**Table 7.10: International remittances flow to East African countries**

EAST AFRICA COUNTRIES	US \$ Millions						
	years	2008	2009	2010	2011	2012	2013
TANZANIA	172	152	149	219	236	257	
KENYA	209	200	199	296	316	391	
UGANDA	411	486	478	501	612	692	

**Source:** East African Development Bank (report 1191/SNC/ 2014); Data as reported from individual country.

Nevertheless, remittances to Tanzania have been reported by development agencies in Tanzania to have a significant impact on development. For example, during the interviews with officers from Bank of Tanzania (BoT), REPOA (Research on Poverty Alleviation), Ministry of Development, Gender and Children, it was reported that remittances have helped to increase foreign exchange earnings,

Government revenue, savings and investments of physical and human capital and thereby the consumption patterns of the people. Remittances also contribute to the establishment of new social services and community physical infrastructure such as dispensaries, schools, roads and other community projects. As the interviewee from REPOA said:

“..... during my community development research at Chalinze village in the Pwani region, I witnessed a few health centres which were built and are now run by monies received to that community as remittances from Tanzania diaspora living and working outside the country....”

Another interviewee from REPOA also said that:

“..... Even last year when I was involved in data collection regarding ‘maternal and health of women’ problem..... I had a chance to visit different hospitals here in Dar es Salaam and in other region like Morogoro and Mkoa wa Kaskazini (Zanzibar).... I learnt how much remittances health organisation received from Tanzanians living abroad..... its massive!..... all that needed is good management and better strategies on how to invest them...”

The interviewee from Bank of Tanzania (BoT) also explained that:

“.....For Tanzania, as for other East African countries, international remittances constitute a major source of foreign exchange and influence the national balance of payments. They also make a fair share of GDP which outstrip other international financial flow, though private flow intended primarily as family support and to direct at individuals.....”

In addition, in the recent years the Tanzanian government has been active in trying to develop diaspora-friendly policies and has proposed to invite and encourage the full participation of the Tanzanian diaspora all over the world (Mayunga, 2014 Majira Newspaper). Thus, Tanzania has tried to introduce a policy and institutional changes

in order to create a conducive environment that will allow the country to benefit from its diaspora. For example, there is a proposal for dual citizenship and also a number of Tanzanian diaspora conferences were held in recent years across the world (e.g. the Tanzanian diaspora conference in London 2011, and the Tanzanian Diaspora Conference in Edmonton Canada on 2012) both of which aimed to tap the diaspora's efforts into the development of their country.

Furthermore, data collected during the interview with Government officials suggested that whilst there is an increase in the number of money transfer services (e.g. M-pesa, Mobile service money transfer) the services help only to some extent to reduce the cost of receiving international remittances as most of these services have limited distribution i.e. they are not available worldwide. The interviewees at the University of Dar es Salaam also mention that Tanzania is part of the 'low-volume remittance corridor' and the cost of sending and receiving remittances 'may remain higher due to a lack of competition among the giant international money transfer organisations' (Hansen, 2012). They further argued that beyond reducing costs of sending and receiving remittances, which puts more benefits directly to the hands of diasporas and their families who receive remittances, measures to ensure that recipients of these remittances have access to other financial services (especially in rural areas) such as micro insurance (e.g. health) or education financing would go a long way to boosting development outcomes. The technology for linking remittances directly to such programs does exist in the main urban areas of Tanzania, but practice has fallen behind because of the Government failure to introduce conducive public policies designed to favour the progress of such remittance infrastructures in rural areas. As the interviewees from Tanzania Foreign Affairs suggested:

“...to overcome public policies barriers, policy makers can put in place sufficient incentives and mechanisms for diaspora to invest remittances back to our country in capital-accumulation projects, which can involve both physical and human capital that will be beneficial for social and economic development of our society, especially for rural dwellers”.

This suggests that both the British and Tanzanian governments need to work together in order to maximize the benefits of remittances on poverty reduction in Tanzanian society.

## **7.4 Conclusion**

To conclude, the findings of this study show that remittances do play an influential role in poverty reduction and development in Tanzanian society. Households take migration as a livelihood strategy and hence, invest money in sending their family members (diaspora) so they can receive help (remittances) and improve the quality of their lives out of diaspora's success in the host country. These findings tie-up with the Pluralistic theoretical framework of this study, which perceived migration as a broader household livelihood strategy to expand income sources and improve social-economic conditions in diaspora's countries of origin (chapter 5, section 5.1.4 and 5.1.5).

Generally, remittances sent from Leicester to Tanzania have mixed impacts on receivers' lives. They help the receivers to opens up avenues for families to invest in education, health care and also help to overcome capital constraints and to invest in different productive activities, such as agricultural production and small scale enterprises. These provide employment which diversify the sources of income and insures them against income insecurity. Thus, remittances help to reduce poverty in the receivers' communities. In case of some needy households, remittances help receivers meet basic needs and thus remittances may constitute the major source of earnings to sustain the livelihood and improve the living conditions of family members.

With regard to the motives to remit among Leicester-based Tanzanian diaspora, the findings of this study presented a complex picture. While some argue that they remit for pure altruism or self-interest and/or implicit contract motives, others are urged to remit simply because of social pressure in Leicester from people back home or on religious grounds. Importantly, the findings of this study also show that Tanzanian diaspora remit because of the effects of Ujamaa legacy. This represent an important finding of this study.

Further, the findings presented in this chapter also reveal that remittance determinant factors and the characteristics of the diaspora and the remittance receivers (such as gender, age, socio-economic status, and marital status) also appear to affect the pattern, the frequency of sending remittances and effects of remittances on development.

The findings show that all the Leicester-based Tanzanian diaspora and the remittance receivers (users) questioned perceived remittances to have positive effect (albeit in varying degrees) on poverty reduction and development in Tanzania.

Moreover, the findings from the remittances receivers show as perceived by the remittances senders (the diaspora) that most of the remittances received are used for used for education and health expenses (figure 7.9). Only a small amount (5.8%) investment or business i.e. remittances are not heavily invested in economic activities. This has, however, cast doubt on whether remittances sent are actually used to bring development and alleviate poverty. If the remittances are used for conspicuous consumption there may be very little contribution to economic development of the country. On the other hand if the resources are used for investment and essential consumption to improve the health, pay for education and productivity of the society, the development of the society may be enhanced.

However, although the findings of this study revealed that the remittances sent to Tanzania are a playing significant role in improving the quality of lives of the recipients, hence reduced the severity of poverty, they also suggest that the remittances received are unlikely to reduce the depth of poverty to a large extent i.e. eradicating poverty at national level. This is because of number of factors discussed above, which include lack of favourable environment such as policies that encourage courage the diaspora to remit and to channel remittances through productive investment. The effect of remittances on poverty reduction is also being hampered by the use of informal channels to send remittances due to the high cost associate with formal channels, and lack of financial infrastructures in most of interior regions of Tanzania.

Add to that, the understanding of the Tanzanian government of the flow of international remittances is limited, and any analysis is hindered by the paucity of information on the flow of the remittances to the country. This is partly due to the fact that informal channels of sending remittances (e.g. person to person) have been seen as the best option for many Tanzanian diaspora, hence, there is a lack of records (ibid). This, therefore, suggests that it is important, in future to further investigate how remittances can be enhanced and bring more positive effects to the Tanzanian society.

In summary, the findings of this study reveal that remittances are the outcome of strong transnational social ties and of the desire to improve the lives of family members left behind. Thus, migration and remittances are livelihood strategies that are aimed at reducing poverty in Tanzanian society.

# Chapter 8

## CHAPTER EIGHT

### RESEARCH ANALYSIS AND DISCUSSION

#### 8.0 Introduction

This chapter is about analysis and discussion of data based on the findings of this study. As indicated in chapter 1, section 1.0, the key research question for this study is how remittances sent by the Leicester-based Tanzanian diaspora from Leicester to Tanzania affect poverty reduction and development in Tanzania. In order to answer this key question, the study has sets out three main research questions (RQ) in chapter 1, section 1.1. The analysis and discussion of data in this chapter have, therefore, been structured based on those three research questions, which are:

RQ 1: why do the Leicester-based Tanzanian diaspora send remittances to Tanzania?

To analyse data that provide the answer for this question the analysis also addresses issues on what factors shape the Leicester-based Tanzanian diaspora's remittance behaviours, as shown in survey and focus group discussions with the Leicester-based Tanzanian diaspora.

RQ 2: What types and how remittances are sent from Leicester to Tanzania and obstacles that hamper their effectiveness?

In analysing the data that answer this question the discussion also addresses factors that hamper the effects of remittances on poverty reduction and development in Tanzania, and how the economic recession has affected the remittance flow from Leicester to Tanzania.

RQ 3: What are the effects of remittances on poverty reduction and development in Tanzania?

To analyse the effects of remittances on poverty reduction and development in Tanzania, the analysis also interrogates data on the role of the Tanzanian government in harnessing diaspora's efforts and remittances for development and poverty reduction in Tanzania.

## **8.1 RQ 1: Why do the Leicester-based Tanzanian Diaspora Send Remittances to Tanzania?**

Like many other diaspora, the Leicester-based Tanzanian diaspora reported that they migrated to the UK to earn better lives both for themselves and for their loved ones back home. Therefore, the prime reason for emigration for most Leicester-based Tanzanian diaspora was economic insecurity, although acquisition of education and family reunion are increasingly compelling reasons for migration and the diasporic formation. As shown in Chapter 7, figure 7.1 the majority (48%) of those involved in this study indicated that they initially migrated to the UK for education/study purposes and stayed on because of the economic differences between the UK and their country of origin. These findings suggest that 'students' are a key group of Tanzanian diaspora in Leicester, who have migrated into the UK, since the early 1980's. Thus, it has been argued (e.g. Hansen, 2012; Beegle et al., 2008; Green, 2003) that one of characteristics of the diaspora is that it is relatively well-educated Tanzanians who migrate. Professionals such as scientists, doctors and nurses constitute an ever growing 'drain' effect for Tanzania as more skilled labour is lost than the country receives or produces.

Maimbo et al., (2011) also argue that African migrants overseas tend to be more educated than other immigrant groups. This is because only those who are well educated and are in middle class in their countries can afford the costs of immigration.

In addition, Hansen (2012) and Beegle et al., (2008) also noted that unless they are victims of war, the majority of other African diaspora are well educated because only the elite can afford and get access to go to Europe, USA or any other first world countries. This is due to visa restrictions, system points that are measured in relation to individual's income and education, affordability and the ability to work and live the UK.

The motives for sending remittances have been discussed in numerous studies (e.g. Lucas and Stark, 1985; Cox, 1987; Agunias, 2006; Ambrosetti et al., 2011) which have not only investigated the motives for remitting of the South–North migration but also the possible motivations to remit of the South-South migration as well as the migration within the continent or even within country. Nevertheless, there is still no consensus as to what exactly motivates diaspora to remit. This is especially so when migration can take different forms, such as long, short, and permanent stay at the destination, (Ambrosetti et al., 2011; Lucas and Stark, 1985).

Therefore, Ambrosetti et al., (2011) agreed with Lucas and Stark (1985) that there is no single motivation to explain universal remittance determination or remittance behaviour of diaspora.

As discussed in chapter 7, the motives of the Leicester-based Tanzanian diaspora, like other diaspora, vary from altruism, inheritance, implicit contract, investment, and loan repayment to exchange motives.

As far as the altruistic motive is concerned, the Leicester-based Tanzanian diaspora especially the older/ first generation reported that they remit simply because they want to maintain the good relations and strong family ties/bonds with their people back home in Tanzania. By their own words they argued that “we have been in the UK for years, so if we don’t send something to them, they will simply forget about us. When we send something there it reminds them about our presence although we are far away from them but we still share life with them”. Therefore remittances are sent to help to maintain the family bonds.

Further, the diaspora said they feel responsible to help other people in their country of origin who are languishing in poverty although some of them are not related to them and have no family-bond.

Interestingly, the Leicester-based Tanzanian diaspora of all the main racial groups (Black, Indian and Arabs), mentioned that their altruistic concerns are largely shaped/influenced by Ujamaa ideology. As discussed in chapter 5 and 7, Ujamaa was presented as a means by which it would be possible to transform Tanzanians from individualism, and selfishness to collectivism and a generous / altruistic society. Ujamaa ideology intended to unify and bring ‘familyhood/ brotherhood’ from division and fragmentation based on tribes and race. In fact, Ujamaa (Nyerere) used this phrase ‘ubinafasi ni adui wa haki’ (Individualism/ selfishness is an enemy of people’s rights’).

Therefore, although Ujamaa policies failed for variety of reasons, to-date, Tanzanians still have this ideology which unites Tanzanians across tribes and ethnic lines. It teaches them to be generous, share equally, and fight against selfishness and individualism. In turn, this contributes to shaping their remittance behaviour. In their own words the Leicester-based Tanzanian diaspora in focus group discussion FGD4 =E said:

“sisi ni wajamaa hatuwezi acha watu kufa njaa Tanzania wakati sisi tumeshiba....

Watu hawawezi kukosa elimu na matibabu wakati sisi tumejaza pesa katika akaunti.... Hii si desturi yetu ... lazima kusaidiana” (we are African socialist- children of Ujamaa / the Ujamaa product so there is no way that people back home in Tanzania can starve to death or lack (basic) education or means to access medical services while we (here in the UK)..... are having monies in our accounts!..... That is not our culture/traditions... of we Tanzanians... we have to help each other)

This suggests that Ujamaa still has a great influence a the diaspora desire to give and remit to people back home in Tanzania regardless of their race, religion, tribes or any socio-economic backgrounds.

The diaspora also reported that they remit because of implicit contracts and loan repayment motives (self- interest motives). The loan repayment motive was the argument for many where their parents or relatives have spent a lot of money to help them to acquire education or finance their migration journey. Therefore, they remit to repay what the families have done for them. This is similar to implicit contracts where a diaspora is sending remittance as a way to thank or to repay what the family

members have done for them or what the family members continue to do for a diaspora. For example, looking after siblings or elderly parents.

Further, the diaspora reported that they remit because they need to finance certain services that are provided by other family members on their behalf. For instance, looking after farms, building plots, houses, and cars. This indicates an exchange contract because diaspora assets are looked after by their family members, and remittances are sent as a way of appreciating the services rather than a wage/salary. The aim is to enable these services to be performed effectively by those performing them on behalf of a diaspora.

The younger diaspora (second generation) mention that apart from the religious reasons, they also remit because they want to maintain the good relationship with their relatives and people in their country of origin, as a participant in FGD6=BG2 said:

“we need to remit in order to maintain our roots....”.

Therefore, younger generation are also remitting because of altruistic motive, preserving social-bonds with people in Tanzania, and on religious grounds both contribute to shaping their remittance behaviour.

As presented in chapter 7, remittances sent by the Leicester-based Tanzanian diaspora take different forms, such as financial (money) remittances, material remittances (e.g. equipment, machinery, accessories) and social remittances (ideas, skills, technology know-how, social capita). They also vary in size, quantity and frequency, but what is most important is that they are the key mechanisms that

enable Tanzanian diaspora to transfer a part of their gains from Leicester to Tanzania.

The first and best place to look for the variations remittance behaviour is at diaspora individual level. As shown in the findings of this study Chapter 7, the diaspora's individual characteristics that have been investigated include: gender, education, (skilled / unskilled), duration of stay, age/generational contrasts, ethnicity, and geographical location (place of origin in Tanzania and place of residence in Leicester). All these factors have been examined in order to understand remittance variation behaviour. It was important to look at diaspora individual factors/characteristics because apart from the motives to remit discussed above, diaspora individual characteristics/factors also play significant role in shaping the diaspora's remittance behaviour in terms of how much is sent and how frequently.

The second place to look for explanation for these variations on the remittances sent to Tanzania was in the remittance receivers' individual factors/characteristics such as gender of the household head, receivers' socio-economic status (e.g. employment, income) and social relation with the diaspora. This is important because receiver characteristics may adversely effects on the diaspora's remittance behaviour and the usage of the remittances received.

The findings from this study revealed that although males send a large amount of remittances they remit lesser frequently than females do (table 7.1 and 7.2)

Generally, few studies explicitly explore the men and women's remittance behavior. Any that do, seem to provide contrary results in many cases. For example, Connelly

et al., (2010a); Gayle et al., (2008); Semyonov and Gorodzeisky, (2005); Aggarwal and Horowitz, (2002) found that women tend to remit less than men do. On the other hand, there are other studies (e.g. Ecer and Tompkins 2010; Wong, 2006; Vanwey, 2004; De la Brière et al., 2002) that suggest that women remit more than men do. The studies which suggest that women remit more than men argue that women tend to have stronger networks with their families which affects a greater remitting behavior (Ecer and Tompkins, 2010; Vanwey, 2004).

Ecer and Tompkins (2010); and Orozco, (2005) in their study about the Ghanaian diaspora in USA, UK and Germany argued that women attach more to the family than men, or face greater expectations to fulfill obligations within the extended family. Hence, despite their relatively low earnings, female diaspora are often a more reliable sources of remittances than the male diaspora. Sorenson (2005) argues that the proportion of Sub-Sahara African female diaspora sending remittances was higher than that of males, and females were likely to send remittances more frequently than males. She argues that this was because most females tended to have stronger ties with their families of origin than male.

Further, the study conducted by Connelly et al., (2010a) about remittance behavior of the Chinese diaspora found that the role that daughters tend to remit the most while sons remit the least. Similarly Pernia et al., 2003 suggest that Filipino female diaspora are more likely to remit from their earnings than male diaspora. Apart from family ties, other studies (Orozco, 2005; Lucas and Stark, 1985) suggested that differences in gender roles (the role of female in the society) play a significant part in determining the remitting behaviour of the female diaspora.

However, other studies (e.g. Orozco, 2013; Anyanwu et al 2010; Vanwey 2004) have taken a different point of view. They argue that income effect can be a reason behind this phenomenon of female and male remittance behaviour. This has been explained in two ways, firstly, it may be that gender wage differentials exist in the destination country, which is reflected by the nature of jobs that most diaspora women are involved with, i.e. men can be involved in manual jobs than women. Secondly, often it has been assumed that men can work longer hours than women because women have more family responsibilities than men do, especially for those women who have siblings living with them in the host country. Vanwey (2004) when examining the propensity of men's and women's remittance behaviour using data from Thailand, rightly pointed out that women may be more likely to follow the altruistic model rather than income because they respond more strongly to the needs of their families back home, so they may remit more although their incomes are lower compared to men.

In this study, the Leicester-based female diaspora involved in the focus group discussions said although they cannot work longer hours or be involved in manual jobs like men, they feel more responsible to their parents and family members they left behind. Their remittance behaviour is not shaped by their earnings/income, but rather by the altruistic concern for their people back home. In their own words participants in focus group discussion FGD3=st M said "we don't remit because they earn enough here in the UK, sometime we don't pay bills till when we receive red letters- the reminders or even court order, but we keep remitting back home whenever we can".

This supports Ecer and Tompkins (2010) and Orozco (2005), who found women feel more obliged to remit because of stronger family ties.

The results from the semi-structured interviews in Tanzania also indicated that the gender of the household head seems to determine the depth of the emotional bonds between the diaspora and the household and that in turn influences the diaspora remittance behaviour. The size and frequency of remittances to the receiver seem to be lower if the household head/ the receiver is a male. This may be because male-headed households (such as father, brother, and husband) are less dependent on the diaspora as male heads have more local networks than female heads. In addition, in Tanzanian families female headed households tend to be closer-knit than male. For instance, in Tanzanian families, the emotional bonds sons and daughters have with mothers are stronger than with the father and this may encourage an altruistic and inheritance motive to remit when a household head is a female (mother, sister etc.) than when the household head is a male (e.g. father, brother.).

In their own words, in focus group discussion (FGD2 =BL) they argue: “.....for we Tanzanians and may be most Africans.....children are closer to their mothers than their fathers..... When mothers are left alone as the head of the family....normally people become more concerned and have more desire to help.....this is part of our culture or stereotypes or our natural concerns of our mothers and women in general..... the society may view them as weak... or in more need than otherwise...”

Further, when comparing the data collected from the Leicester-based diaspora and from the remittances received in Tanzania, it is clear that migration of a female (wife, mother, daughter, and sister) led to changes in gender roles and relation within the household. In a situation that a woman had migrated, she is likely to have a primary responsibility for financial management, hence the roles of male (spouse, brother, son, father) become marginalised and increasingly less important. This situation has led to an increase in women's autonomy in the families and reduces gender inequalities in society. As Hansen (2012) and Hatibu, (2007) rightly argue when women become financially stable, their roles in the family may positively change and this may influence equality between men and women.

In summary, the gendered patterns and outcome of sending remittances vary and are generally shaped by prevailing behaviour which are affected by various factors including the profile of the diaspora, their social bond and family ties with the family back home as well as their employment status, and income in the host country.

As is the case for any diaspora, the ability of the Tanzanian diaspora to remit is invariably derived from their socio-economic status or what is also referred to as 'the diaspora profile' such as (i) income (ii) education attainments (iii) employment status. However, as noted above, although these social-economic characteristics may affect the diaspora remittance behaviour, this is not technically what drives a diaspora to remit. This suggests that socio-economic settings (education/ employment/income of a diaspora) are not motives behind their remittance behaviour but they can affect the diaspora's ability to remit. As mentioned by some participants in FGD3=St M and FGD1 =H that:

“We do not remit simply because we are earning a lot or simply because we have sufficient income or any surplus from our wages/incomes here in Leicester...”

- (i) **Income:** From these findings it is clear that for Leicester-based Tanzanian diaspora incomes do not in general influence the motive or likelihood of remitting. These are important findings, since some studies (e.g. Mora et al., 2006) argue that the income situation is crucial for a diaspora to remit. Therefore, although income may directly affect the ability to remit, the lack of relationship between the two is also not surprising because many diaspora, and particularly the Leicester-based Tanzanian diaspora, give remittances a high priority, even jeopardising their own living standards in the UK. They still send remittances to Tanzania no matter what hardships they face in the host country.

Therefore, although one can easily imagine that low-income or unemployed diaspora will simply not be able to remit or remit very little, if the argument behind diaspora remittance-sending behaviour is regarded as an imperative of basic needs such as food, drinks, clothing and shelters, this argument falters.

These findings regarding income and remittance behaviour of the Leicester-based Tanzania diaspora are not unique. It has been argued that, in Norway, for instance, Somalis are in a financially weaker position than all other major diaspora populations, but are by far the most regular remitters. It is only 20 % or less of Somali households in Norway who do not remit, although 60 percent have experienced serious difficulties in

covering basic expenses such as food, transportation, and accommodation (Henriksen and Ellingsen, 2010; Blom and Henriksen, 2008).

- (ii) Education attainments: Education seems to have a significant effect on diaspora before they migrate to the host country. This is because, as already mentioned earlier, only those who are well educated and are in the upper or middle class category in Tanzania are the ones who can afford the costs of immigration and meet the visa requirements (e.g. visa point-entry system). However, as they arrive into the UK and settle as diaspora, the value of their education is questionable. The results of this study show that although the majority (72%) of the Leicester-based Tanzanian diaspora have been educated to further or higher education level (See table 7.1 Chapter 7), many claim not to work in a graduate position and/or are self-employed 59% (table 7.1), hence earning a very low income. Moreover, as far as education and the Leicester-based Tanzanian diaspora is concerned, there seem to be weak link between the diaspora's level of education and positive remittance behaviour.

Therefore, looking generally on education attainments, the findings from this study suggest that there is little correlation between education levels and remittances sent to Tanzania by the Leicester-based Tanzanian diaspora. This can be explained as follows:

Firstly, it may be that those who are well educated, or have managed to pay school fees and acquire higher degrees (Masters/ Doctorates) in the Western countries, are likely to come from richer families back home in Tanzania (Hansen, 2012; Hatibu 2007). Hence, they are unlikely to remit for reasons of supporting their families back home or remit to repay the contractual loan to their parents. As Lucas and Stark (1985) hypothesized that diaspora remit as repayment of the costs their families have incurred for their education, and found that this may be the case for only some migrants but does not apply to others especially from those who are from well-off families. Orozco (2013) and Maimbo et al., (2011) also point out that it is difficult to imagine that parents would keep a child out of school if she or he was unwilling to migrate in future. Therefore, although some diasporas send remittances to their parents who have incurred a lot of costs, this may be based on altruistic concern rather than mutual contract. Orozco (2013) added that most subsequent studies have only used information on the diaspora current education levels and little is empirically known about implicit contractual arrangements with the family. Therefore, there is no surprise to find that Tanzanian diaspora despite their high education attainments, still remit because of altruistic concern rather than through any other motives.

Secondly, the remittance behaviour and education attainment is also linked with investment motive, as the diaspora send remittances in preparation for their return to Tanzania. i.e. they send for their own benefit, rather than to help others. This is not often captured in research but falls

within the umbrella term “remittances”. As Carling, (2008) argued remittance behaviour of a diaspora may positively change and the effect of what is sent is stronger when a return is planned or foreseen in the near future. However, the increase in remittance in preparation for return may depend on how remittances are conceptualised and measured. For instance, investment through intra-family and building of social capital may not be captured by the term ‘remittances’.

- (iii) Employment status: the Leicester-based Tanzanian diaspora involved in this research expressed their concerns regarding their level of education and employment status in the UK, and how that affects their motives and remittance behaviour. As mentioned above, the majority of the diaspora claim not to work in a graduate position, despite being educated to higher level. Their concerns were not only about the skills and knowledge that are becoming wasted here in the UK, but they were also worried about what they refer as a ‘brain death’, which they describe as a total wastage of knowledge and skills. They said that, brain-death is a very serious problem even compared to ‘brain drain’, because, ‘brain drain’ at least allowed the diaspora to utilize their knowledge and skills in the host country rather than in the diaspora’s country of origin, while with ‘brain-death’ the diaspora’s knowledge and skills are not utilized in any way. They feared that they might ultimately lose their skills and knowledge as they are unable to contribute to the development of either the host country or the home country.

The issue of 'brain death' is a serious problem that is often over-looked as many studies concentrate on 'brain drain' and forget 'brain death' as an obvious problem faced by many diasporas.

In focus group discussions, the researcher came across a significant number of highly skilled Tanzanian diaspora such as accountants, doctors, engineers, mathematicians, pharmacist, Master in Business Administration (MBA) degree holders who end up working in fields that are far below their qualifications and intellectual abilities (e.g. warehouses, care work, cleaning, and taxi drivers). Furthermore, the Leicester-based diaspora argue that working in very poorly paid manual jobs does not only affect their income but in fact they become de-skilled. Indeed, the problem of marginalization of diaspora in the host country (UK) is tragic and needs to be addressed urgently by host countries such as the UK as well as home countries. The intention of both host and home country should be turned from transforming the manpower gain in the host (i.e. diaspora as cheap unskilled labourers) to brain gain in the sending/ home countries, i.e. through utilizing skills and knowledge diaspora gained in the host country to benefit their home countries upon return, or simply by transmitting more valued social remittances such as technology-know-how and skills gained from work.

On the other hand, where employment status and the incomes of the receivers are concerned, this study clearly shared that the receivers' employment status plays a vital role in remittance behaviour of the

diaspora. This is especially so when the receiver is the household head. For instance, if the household head is employed in public or private sectors, running profitable business, such export farming they are then likely to have better incomes. Hence, thus tend to receive lower remittances or the uses of remittances may be different from those who are small scale-farmers or small entrepreneurs or unemployed / housewives.

Remittance receivers who are employed and have better income reported that they used remittances received for investment, social events or buying luxury commodities, whilst others use them on school fees, health expenses, and consumption, i.e. for essential needs such as water, shelter and clothes and for education and health expenses.

Further, although this research did not focus on the relationship between education, intention to return and remittance behaviour as basic variables the well-educated diaspora argue that they are here to find the means that will enable them to move forward and start better lives in Tanzania, or elsewhere so that their education/knowledge /skills can utilized. In their own words they argued that;

“Our futures do not belong there in Britain..... we spent a lot of time at Universities....with all our degrees and masters...yet we are still working in non-skilled jobs. We better go home or elsewhere where we can utilize our knowledge...”

From this discussion it is clear that those who are educated to degree level and above have intentions of returning back home permanently even though for some of them this is not an immediate plan. This has an effect on their remittance behavior in

the sense that the diaspora who intend to return back home permanently are more likely to remit for investment motives rather than for any other motives. However, what they sent was in preparation for their return to help them to establish basic physical capital such as houses, businesses and social capital by strengthening relationships with the family members, friends and people, adding up to social prestige upon return. As explained by participant in FGD1 =H said:

“... I don't want to see myself here in 3 years' time....so I have to put all my effort back home. I have to send as much as I can....so I can finish building my house and have some saving to start a small business that will keep me going for a while when am there looking for a job. It's also important to do this at the last minute (i.e. sending remittances near the time of returning home) because people they will know about me even before I get there..... and as you know our third world communities....when you are from '*majuu*' (abroad/western world) they expect you to have better life than them...so I will need a nice car as well.....  
Just to maintain my social status (social prestige)”.

There are several studies that support these findings (e.g. Carling, et al., 2013; Carling, 2008; Cai, 2003; Gubert, 2002; Merkle and Zimmermann, 1992; Lucas and Stark, 1985) that diasporas intending to return to their original countries permanently are generally more likely to remit, and remit larger amounts. The issue of intention to return has also been discussed in literature. Holst et al., 2011; Bettin and Lucchetti, 2012; Markova and Reilly 2007 in relation to the legal status of the diaspora in their studies they found that diaspora who live illegally in the host country are more likely to remit than those who live legally.

The survey findings of this study also show that remittance flows from Leicester to Tanzania increase after 3 to 5 years of stay in the UK. However, the remittance flow decreases as the duration of stay reaches 10 years and over. The diaspora who

lived in the UK more than 10 years explained the reasons for this was that the longer they stay away from home the weaker the social bonds with people back home become.

Also, they mentioned that as the time passes by, people's age also increases and many pass away, as the children grow up, they do not need as much assistance as before. As participant in FGD2 =BL said:

“... about 18 years ago I had so much responsibilities of taking care of my parents who have both passed away..... and also had the responsibility of taking care of my sisters who were about 14 years old and 15 years old.... but they are all in their 30's ....they have grown up ..... they are adults and they can do much by themselves... this means less responsibility for me...”

Therefore, the longer people stay the less likely they are to send remittances back home due to diminishing responsibilities and/or loosening of family ties. This is in line with some previous studies (e.g. De Voretz and Vadean 2005; Mansoor and Quillin, 2006; Lucas and Stark, 1985) which also suggest that diaspora may not remit equally over time; being more likely to remit more during the first few years after immigration, and less likely to remit with time in the host country. Lucas (2004:13) argues that ‘remittances may initially rise, then decline with duration of stay, which suggests an optimal length of stay to maximise remittance flows, balancing greater earning power against diminishing attachment’.

The evidence from focus group discussions suggested that findings regarding length of stay and remittance behaviour may also be influenced by other factors such the

diaspora's social integration with the British society. For instance, those who have lived in the UK for longer and invested in the UK with mortgages and businesses are less likely to remit than those who do not have any investment in the UK.

The findings of this study, further showed that Leicester-based Tanzanian diaspora remit more when they are in the middle age, i.e. 30 to 49 years old, and decline after the age of 50 onwards. The reason for this is similar to the reasons behind length of stay in the host country- UK, that the more time the diaspora spend away from home the less the family ties are with the family members back home. The more time passes by the more the age of the diaspora increases and the less responsibilities they have. As a result these overlapping factors can diminish the altruistic concern and hence affect diaspora's remittance behaviour.

However, this study also showed that the older the receiving household head is (especially if beyond retirement age i.e. over 60 years old) the more frequently remittances are likely to be made from diaspora. As one interviewee argued:

“.....few years ago I didn't need much help from my children abroad.... as I was ... sustaining myself without much help from them.... They used to send me something when they wished, for example during Christmas, but since I have grown older, I am now totally dependent on them...”

Thus, the age of the diaspora as well as the age of the receiver, are important determinants that influence the diaspora remittance behaviour. Generally, the results of this study reveal that Tanzanian diaspora send more remittances when they are in the middle age (30-50) and the remittances decline after the age of 50+. Likewise, the adjustment impact is likely to change when the remittance receiver becomes

older, bringing an increase in remittance flows i.e. producing the higher flow of remittances to the receivers when they become more dependent.

Moreover, the findings from the younger/second and older/first generations of the Leicester-based Tanzanian diaspora gave interesting findings. In this particular variable, the researcher aimed to explore whether there are any unique factors that affect remittance behaviour of the younger diaspora (especially those who were born or grown up outside Tanzania) and the older diaspora i.e. those who have been born and grown up in Tanzania and migrated into the UK as adults. The younger generation argued that despite being born in Europe or in other first world countries they still have positive attitudes towards remittances and were keen to help people in Tanzania. The majority of them, regardless of gender, ethnicity, religion or country of birth had a strong desire to remit to people in Tanzania, even though they do not have close relationships with people over there.

Further, some of them argued that they remit because they have been taught by their parents to do so. Others argued that they remit because this is the way of maintaining their personal identity. Many also mentioned that they remit because this is the way of fulfilling their religious belief. This was the main argument for the Muslim diaspora; they talk about '*sadaqah*' and '*Zakat*' as the main reason for remitting. Religious reasons were also mentioned by diaspora from other faiths such as Hindu and Christian. As the result, this study found that 43% of the respondents said they sent remittances for religious reasons. Other studies such as that of Gerber and Hungerman (2008), Kurien (2008) had similar findings. Gerber and Hungerman (2008) found that there are higher remittance flows from those who attend church service more often. Similarly Kurien (2008), based on extensive ethnographic

fieldwork on remittances in three village communities in Kerala, India, observed striking difference in remittance flows between the religious believers and non-believers. Kurien, 2008 concluded that there is a strong link between the two.

Therefore, as is the case for the older generation, the younger generation's reasons for sending remittances to Tanzania also varied from altruistic to pure altruist reasons regardless of where they had been born or grew up. Bautista (2009) also found that younger generation Filipino Americans, regardless of their gender, had positive a attitude towards remittances. Similarly, Ambrosetti et al. (2011) found that the younger generation of Moroccans, Turks and former Yugoslavs who lived in 15 different European cities were likely to remit despite the loose connection to people in their countries of origin.

The findings of this study reveal that diaspora marital status and the residence pattern of household members, such as children and spouses, are significant determinants in the diaspora remittance behaviour. Those living without their spouse and children here in the UK are likely to remit more than those who do have other members of their families with them.

However, the results from the remittance receivers reveal that the unmarried or divorced household receivers seem to receive more remittances than the married receivers.

This argument is in the line with previous studies such as McDonald and Valenzuela (2012) and Quartey, (2010). These studies argue that marital status is a determining factor which has an impact on diaspora's remittance behaviour when considered in

relation to other diaspora's socio-demographic characteristics such as age, gender, education and length of stay in UK.

The findings from this study indicated that the majority (66%) of the Leicester-based Tanzanian diaspora are from urban areas of Tanzania, especially from Kilimanjaro, Dar es Salaam, Mwanza, and Kagera. This is interesting because people from these regions are among the most highly educated groups in Tanzania. This suggests that people from certain tribes of Tanzania are more prone to migration, especially the South-North migration, which usually involves lots of expense. So only those who are less poor can afford to move such a distance and disperse.

This also may explain why only 34% of the Leicester-based Tanzanian diaspora are from rural places of Tanzania.

As mentioned earlier, poverty is highly correlated with place of residence. Urban households tend to be among the highest-wealth groups, while rural households tend to be the poorest. With such geographic inequality in the country, people from rural areas are unlikely to afford the South-North migration and those from urban areas are more likely to be better-off, i.e. less poor, hence they are in the better chance to afford the long distance– South-North migration. This is supported by literature e.g. Mbogoni, (2013); Mercer et al., (2008) and Hatibu, (2007a) argue that it is not the poorest of the poor who migrate (South-North migration) but slightly better off citizens especially those who reside in urban areas. This is because they have more means, such as social capital / contacts, and can afford the airfares.

The geographical locations where the diaspora are from in Tanzania (i.e. the rural or urban) do not seem to affect their motive to remit. Leicester-based- Tanzanian diaspora confirmed that the effect of Ujamaa policies, which brought Ujamaa villages (villagization), gave every Tanzanian knowledge of rural and urban life experiences. As participants in FGD2 =BL explained;

“.... we do not send more or less remittances because we were born and grow up in Dar es Salaam (urban)..... we children of Nyerere have experience of both rural and urban lives....”

However, the geographical location where the diaspora are from in Tanzania (i.e. the rural or urban) does affect the types of remittances sent and the use of remittances in the receiving community. For example, the diaspora from urban areas are more likely to send remittances for investment than those who are from rural. This is due to developmental differences between rural and urban areas of Tanzania. As participant in FGD4 =E argues;

“.... Many people in the village are in need of basic needs, mainly food, drinks and shelter. Apart from these they need money to cover health costs and for school fees.... before I think of what I can invest in my village / family, I have to think of how I can help them to meet these primary needs..... Investment, business or things like machinery and computer are secondary needs to my people in the village.....”

Another participant in FGD6=BG2 said:

“.....when my brothers were in the Karatu village with my (late) dad, the main usage of money I sent to them was for consumption (food and drinks), but now they are in Arusha city

and engage in businesses..... whatever I send to them now is for helping them in their businesses or other investments such as land.....”

Moreover, the geographical location of the remittance receivers is also an important factor because it produces location-specific effects. In particular, differences in environmental conditions, living standards / cost of living and remittance infrastructure may affect the usage of remittances, and therefore their impact on poverty reduction. For instance, rural areas of Tanzania are less progressive, and integrated with the market economy compared to urban areas. Therefore, it may be difficult and more costly to send remittances to rural areas of Tanzania than to the urban areas. However, generally the costs of living are lower in rural areas compared to urban areas. This is due to similar reasons to those mentioned above, that in Tanzania like other developing countries, poverty is highly correlated with place of residence. Urban households tend to be among the highest-wealth groups, while rural households tend to be among the poorest. With such geographic inequality in the country, the characteristics of remittance receivers' usage of remittances are also likely to be different because of by the following factors:

- (i) Rural remittance receivers' families are likely to be poorer compared to urban receivers and have higher unmet basic needs. Therefore, remittances are likely to be used for consumption (i.e. food and drinks) rather than investment.
- (ii) Poor or lack of remittance-infrastructure in the rural areas causes the cost of sending and receiving remittances to be higher than in urban areas. This may

have an adverse effect on the usage of remittances as they may have less to use for development and poverty reduction in general.

- (iii) Lower education levels amongst rural people may affect how the remittance receivers use of remittances in relation to development and poverty reduction. As reported by some diaspora, sometimes the remittances sent end up being used for things which were not intended. They said that sometime remittances sent can be “misused”. For example, remittances received had been used to accelerate alcohol drinking behaviour of some remittance receiving families. Although this is not a unique issue for rural based remittances receivers, is more pronounced in rural areas than in urban areas.

As participant in FGD3=st M explained:

“..... I wish I could move all my brothers and their families to Arusha city as this may help to control their drinking behaviour..... as we know, life in the village is of very low quality.... People they do not think about development and productive activities..... they all end up buying and drinking cheaper traditional alcohol drinks..... all what I send from here ends up in this stupid business ..... they buy toxic drinks which makes their lives even worse.....”

The participant in FGD3=st M added that:

“if they could be living in urban let say at Arusha town, it is likely that they could engage in one or two productive activities and they would not misspending what I send to them....”

The geographic location of the diaspora in Leicester also tends to reflect differences in wages, cost of living, and the efficiency of remittance infrastructure. For instance, diaspora some live in certain areas of Leicester city such as St. Matthews, Highfield, Mowmacre Hill and Beamount Leys with high populations of migrants/ diasporas (see figure 1.2). Here there is strong social capital, more social networks and more informal channels / methods of sending remittances. For example, these areas have more people who travel to and from Tanzania and the UK compared to other areas of the city such as Stonegate, Oadby, Hamilton and Enderby where very few diaspora reside, social capita is small and methods of sending remittances are scarce.

Nonetheless, the efforts of Tanzanian diaspora in reducing poverty through remittances are noticed all over the country (Hansen, 2012; Beegle et al., 2008; Hatibu, 2007a). Remittances and migration patterns do not mirror each other readily (Hansen, 2012). Remittances are substantial flow to many Tanzanian families regardless of their ethnic or tribal groups.

The findings of this study show that ethnicity did not seem to be a factor behind remittance behaviour of the diaspora. Results from focus groups suggested that despite having three main racial groups, the Black majority, Arab and Asian minorities, the Tanzanian community is unified to the extent that ethnicity does not appear to be an issue among Tanzanians. This could be because of the effect of Ujamaa policy, as discussed in chapter 2, Ujamaa was intended to unite Tanzanians across ethnic lines and left Tanzania untouched by the tribal and political tensions which affected the rest of Africa.

The findings of the study also suggested that the number of visits undertaken to family members in Tanzania also influence diaspora remittance behaviour. During these visits diaspora strengthen social bonds and family ties and keep up their community relationship and networks. As the diaspora visit the families in Tanzania they bring remittances either in kind (social remittances) or cash or materials, which have great indirect or direct effect in the receiving community (Hansen, 2012; Beegle et al., 2008).

Apart from the above mentioned factors, there are other intermediate factors which also affect the remittance behaviour of the Leicester-based Tanzanian diaspora (figure 8.1). These include a sense of reciprocity, underlying reasons for the immigration journey “I migrated because I want to improve the quality of life of my family there in Tanzania, so I am here in order to remit”. Social pressure, social capital, and personal identity are also important (figure 8.1). These factors are interesting and apply specifically to this group of Tanzanian diaspora. For instance, ‘social pressure, maintaining identity, and the essence of immigration journey seem to be specific reasons behind the remittance behaviour of the Leicester-based Tanzanian diaspora. These reasons may be specific for this group of diaspora because to the best of my knowledge, previous studies do not mention them as factors behind the remittance behaviour of the diaspora.

However, other factors mentioned such as family ties, sense of reciprocity and social capital have been widely discussed in previous studies. For example, Henry and Mohan (2003) in their research findings of the Ghanaian diaspora living in the UK indicate that remittances only serve as a belonging-negotiation medium allowing

diaspora to maintain closeness and sustain a sense of reciprocity and trust. Lucas and Stack (1985); and Maimbo et al., (2005), for example argued that the African diaspora like many other diaspora sent remittances for various reasons such as altruistic, pure altruistic, loan repayment, contractual agreement and investment.

Further, as literature suggests (e.g. Ratha et al., 2012; Fayissa 2008; Maimbo et al., 2005) the flows of remittances to countries with poorer development levels are highly embedded in social relations between a diaspora and the receiver.

This study also shows that remittances to Tanzania are based on family ties rather than the economic market or business level. The largest percent (80%) of remittances are transferred between individuals' family members with 32% of remittances going to close relatives such as spouse, parents or friends and, only a small percent (4%) sent remittances to charities or organisations. Therefore, the largest proportion of remittances is transferred between individuals or family members.

However, there are some Tanzanian diaspora who participate in community groups that make collective remittances to varied organisations and communities' organisations/charity. These collective remittances applied to a range of investments, including building of health centres, schools, and roads. Figure 8.1 below depicts the driving forces behind the remittance behaviour of the Leicester-based Tanzanian diaspora.



**Figure 8.1:** Factors that affect the remittance behaviour of the Leicester-based Tanzanian diaspora.

## **8.2 RQ 2: What Types and How Remittances are sent from Leicester to Tanzania and Obstacles that Hamper their Effectiveness?**

This section discusses the types of remittances, and channels of sending remittances from Leicester to Tanzania. The focus of this section will also concern the obstacles that hamper the way in which remittances help to reduce poverty in Tanzania. The section will further discuss how the economic recession has affected the remittance flow from Leicester to Tanzania.

As presented in chapter 7, the Leicester-based Tanzanian diaspora send different types of remittances that can be grouped into three main categories: (i) financial remittances (ii) material remittances, and (iii) social remittances.

By far the largest percentage (49%) of the Leicester-based Tanzanian diaspora surveyed preferred informal channels (such as carrying remittances themselves, friends, relatives, and other people who are travelling back to the country). The second preferred channel of sending remittances is a combination of formal and informal methods which this study refer it as '*semi-formal*' channels. For example, this may consist of remittances sent from Leicester via Western Union and when they reach an urban area of Tanzania, then they will be transferred using M-pesa (mobile money transfer) or local courier such as buses travelling to the villages in order to reach the receivers'. Only 24% of the diaspora surveyed said they use formal channels (figure 7.3 and 7.4).

## **8.2.1 Factors that Hamper the Effects of Remittances on Poverty Reduction and Development in Tanzania**

The factors that hamper the effects of remittances on poverty reduction and development in Tanzania are discussed by addressing the challenges on sending financial and material remittances, and on the acquisition and transmission of social remittances.

### **8.2.1.1 Challenges and Obstacles on Sending (Financial and Material) Remittances from Leicester to Tanzania**

The diaspora choice of channel for sending remittances depends on a number of factors, such as the cost of transfer, safety, accessibility and availability of services at the receiver's local area in Tanzania, as well as where the diaspora live in Leicester. For instance, Tanzanian diaspora who live in Leicester wards with a high number of Tanzanian migrants such as Beaumont Leys, St. Mathews, and Highfield areas have a particularly high propensity to remit. Perhaps this is because of the influence of members of the community or because better transfer services are available locally in these areas. For example, informal or semi-formal remittances transfer methods are more common compared to other areas of the city such as Oadby, Stoney gate and Evington village, where very few Tanzanian diaspora live (*ibid*). In addition, these geographic locations in Leicester tend to have very

differences wages levels, cost of living (Van Liempt, 2011) and the levels of efficiency of remittance infrastructures (figure 1.1).

The location where the receivers live in Tanzania also affects the availability of financial infrastructure and the choice of remittance transfer methods used by a diaspora. Many Leicester-based Tanzanian diaspora prefer to use formal or semi-formal methods because of the weak, limited or total lack of formal methods (e.g. banks, Western Union, MoneyGram/Post office) in most of rural / interior areas of Tanzania.

These are interesting findings since many previous studies (eg. Ratha et al., 2012; Shah 2011; Rahier 2010) concentrate more on formal and informal channels of remittances. Hence, there are few studies (Anyanwu et al., 2010) regarding '*semi-formal*' channels.

Informal and semi-formal channels have been the main choice of many Tanzanian diaspora because of cost effectiveness, i.e. they are cheaper compared to formal channels.

The issue of cost of transfer services does not only affect the diaspora's choice of method of sending remittances, but it is a problem that constitutes a significant hurdle that may reduce the potential developmental effect of remittances. This is why other studies (Ratha, 2003; Semboja, 2005; Anyanwu et al., 2010) argue that if these hurdles were reduced, the volume of remittances might swell, their effect on poverty reduction could double (Ratha et al., 2012), and efforts of remittance senders might

be more recognised. Certainly a larger share of remittance might pass through formal channels which would make it easier to direct remittances into investment.

As shown in figure 7.3 only 27% of the Leicester-based Tanzanian diaspora preferred to send remittances through formal channels (i.e. Banks, Money Transfer Organisations- MTOs- Western Union, World Remit, and Dahabshiil). The reasons why formal channels are not the most preferred are constraints associated with formal channels such as cost / fee charged on sending and receiving remittances and the lack of accessibility and availability of services or total lack of financial infrastructures in most rural areas of Tanzania.

As discussed in chapter 7, the diaspora reported that the average cost of sending a remittance by World Remit Western Union from Leicester to Tanzania is about 22 % of the value of the remittance. This is a significant discouragement to the use of formal channels as a means of transferring remittances from host countries to diaspora's countries of origin. The cost of sending is even worse when sending a small amount of remittances (e.g. from £1- £500).

As a result, the majority (49% figure 7.3) preferred informal channels (i.e. private couriers, carrying in-person or through friends), because these channels are thought to be relatively cheap compared to formal channels, although they are not free from constraints. For instance, informal channels are limited to domestic or intraregional service area and routes. The risk of loss in transport systems is higher especially when there is no record of the content or the value transferred and no liability on the

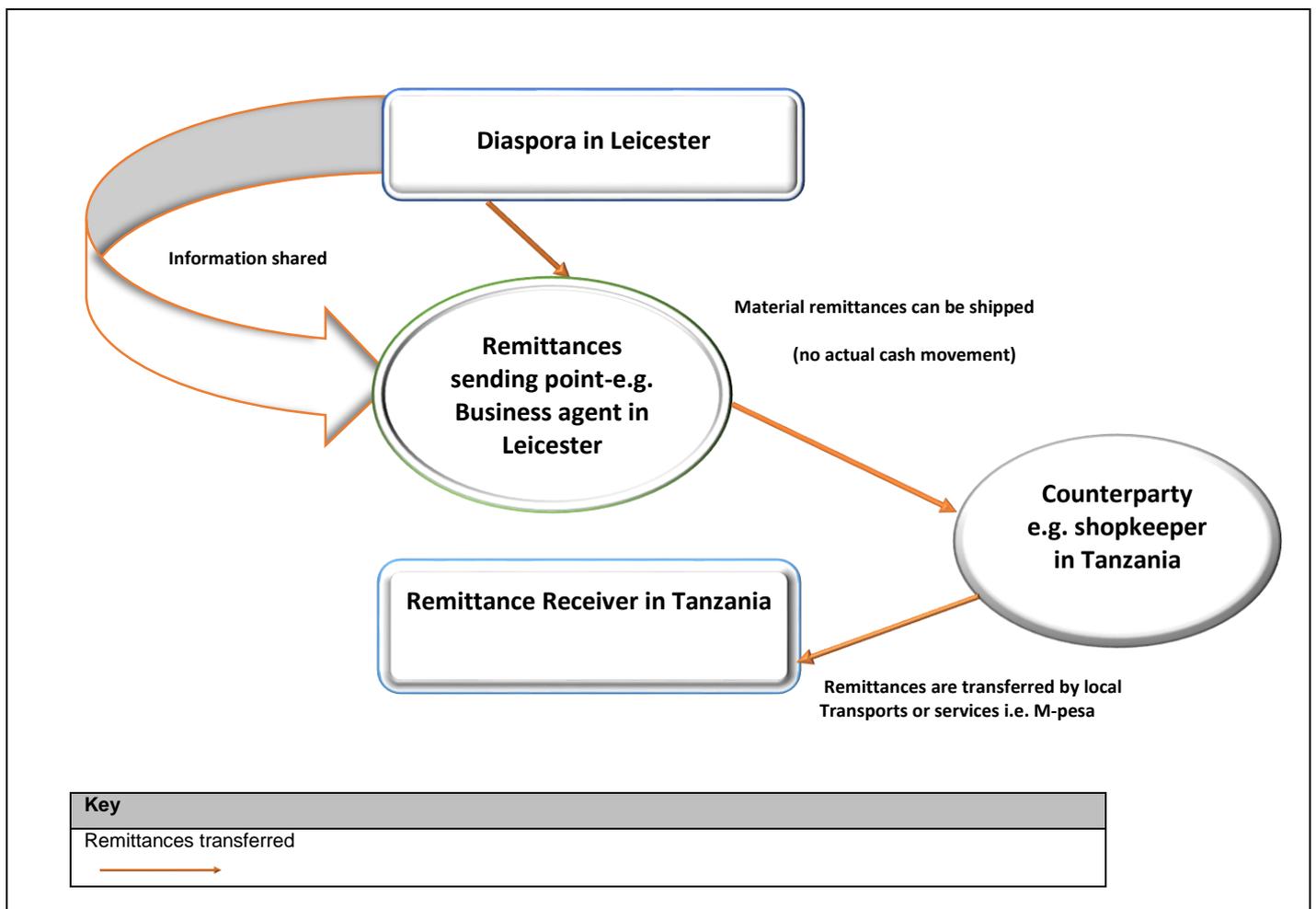
part of the transporting company. Also, there is lack of safety and security due to theft or road robberies (Mohapatra et al., 2011; Anyanwu et al., 2010).

Apart from these constraints the diaspora also argue that the impact of remittances on development and poverty reduction in Tanzania is also impaired by other factors such as corruption, lack of stability in financial systems the absence of appropriate public policies, market failures, difficult access to international markets and trade barriers, as well as tight immigration policies in the UK.

Apart from transfer costs and poor financial infrastructures in most of Tanzania, other factors diminish the effects of remittances on poverty reduction and development. These include speed, efficiency, reliability, safety and security.

Other studies also suggest (e.g. Cross 2003; Ratha, 2003; Anyanwu, et al., 2011) that the interface of formal international remittance services with service points in the sending and receiving country is one of the important aspects and the main obstacle in most African countries due to weak infrastructure.

Therefore, for these reasons, Tanzanian diaspora preferred informal or semi-formal methods of sending cash or material remittances. Figure 8.2 below gives an example of methods used by the Leicester-based Tanzanian diaspora to send remittances from Leicester to Tanzania.



**Figure 8.2:** An example of the basic informal remittance transfer methods used by Tanzanian diaspora in Leicester.

### 8.2.1.2: Challenges on Acquisition and Transmission of Social Remittances from Leicester to Tanzania

The Leicester-based Tanzanian diaspora surveyed argued that apart from money and material remittances they also transmit norms, practices, skills, technology-know-how and ideas to their families in Tanzania. Social remittances that the Tanzanian diaspora possess and transmit are very diverse.

The diaspora also said that they transmit social remittances from Leicester, UK to Tanzania in several ways, which includes emails, letters, telephone calls, phone messages, Viber, What's Up, social media such as Facebook and Instagram, as well as when they visit their families in Tanzania, and when other people travel to and from the UK to Tanzania. The diaspora said that when they introduce ideas and social values to the people back home they are more likely to be accepted because of the higher social status that the Tanzanian-British diaspora carries. In Tanzanian society, they call them "*mawazo ya watu wa majuu*" which means ideas of people from high up the sky –heaven- abroad! This is because of the wealth, knowledge and networks that the diaspora acquired from the UK that gives them a tremendous prestige as well as power to influence society.

The diaspora said they also transmit social remittances using their own ties, social affiliations, face to face discussions/ meetings with key political and social figures from Tanzania when they visit the UK. Such meetings enable the diaspora to convince and influence the Tanzanian leaders, business people and elites to adopt different socio-economic and political strategies. For example, the diaspora have successfully persuaded the policy makers in Tanzania to introduce a policy that allows the importation of agricultural equipment from the UK with less customs duty or no duty fee. The diaspora also said that they have formed online political forums which link Tanzanians from different parts of the world to share political ideas. These networks boost the moral and political clout of the positive forces who aimed to bring socio-economic and political stability in Tanzania.

Another mode through which the Leicester-based Tanzanian diaspora transfer their social remittances are the transnational business networks, which exist between the Tanzanian diaspora in Leicester and other Tanzanians either in Tanzania or in other parts of the world. These ideas about businesses are shared and help to promote products from Tanzania into the international market. For example, some interviewee pointed out that “this type of promotion has brought new products to the UK makers, for example, maize flour for making staple African food called *Ugali*”. Also green beans and other vegetable and fruits in major super markets such as Tesco. These types of trade networks, facilitated by the diaspora, are very useful as most of Tanzanians are now engaged in formal trade with rest of the world, and rely on networks like these to promote their products.

The diaspora were also concerned about the number of challenges and constraints in the UK as well as at home in Tanzania when they transmit social remittances. They reported that despite the positive effects of social remittances on poverty reduction and development of Tanzanian society, they still possess plenty of skills and knowledge which are under-utilized or unutilized. They argued that most of them migrated to the UK for education purposes and they decided to settle here in the UK in order to help their families in their country of origin due to economic differences between Tanzania and the UK. In the focus group discussions the participants mentioned that they had been educated or trained in the learning institutions in the UK and had acquired valuable knowledge and skills but, as is the case with many migrants, their skills and knowledge are marginalized. They argued that their skills are under-utilized in UK as well as back home in Tanzania. As a result, the majority of educated Tanzanian diaspora are employed in jobs far below their qualifications, working instead in warehouses, cleaning, and care work, or not

utilized at all as they are unemployed. The Leicester-based Tanzanian diaspora have argued that these under-utilized resources should be made available in Africa through sharing and exchange schemes or projects designed to harness and transform skills and knowledge that the diaspora possess.

As mentioned above, the Leicester-based Tanzanian diaspora are more worried about 'brain-death' rather than 'brain-drain'. This is because 'brain-death' means total wastage of one's skills and knowledge i.e. the skills and knowledge are not utilised at home or in the host country.

The diaspora also argued that a lack of a favourable environment both in the UK and in Tanzania to promote their contributions to development has gravely restricted their ability to harness social remittance for development in Tanzania. This is partly due to the fact that there are relatively small numbers of studies conducted regarding social remittances and their effect on the receiving countries. Hence, very little is known about social remittances and their effect on development in the diaspora's home countries.

Moreover, as mentioned earlier, the challenge mentioned by many Tanzanian diaspora of downgrading of skills, knowledge and experience possessed by many educated Tanzanian diaspora in Leicester, has meant that skilled, qualified and highly educated are also finding it very hard to gain meaningful employment in the mainstream development organizations in the UK that are specifically involved in the developmental activities in Tanzania. Also, the demoting of diaspora's professional skills prevents them from being sent to Tanzania as expatriates in developmental sectors, as they are not being seen as the valuable partners in the development

effort regarding their country. They argued that social remittances from diaspora can have huge positive impact to the development of Tanzania if their skills and professional capacities are recognized and valued by both the UK and Tanzania governments.

Therefore, the exclusion of or lack of means for the Tanzanian diaspora to participate in development efforts initiated by the UK and / or Tanzanian Governments have gravely hindered their efforts to help to reduce poverty in Tanzania through social remittances.

Further, the findings of this study suggest that the prevailing perception treats the diaspora solely as a source of non-social remittances (i.e. financial and equipment remittances). Thus, the diaspora contribution to the development of their country of origin is only valued in monetary terms. This gives a wrong impression which denies the intellectual capacities of Tanzania and it fails to recognize diaspora as human resources. In turn, this also unjustly overshadows other potential contributions that Tanzanian diaspora can make in promoting overall developments in their country.

Efforts should be made to give the diaspora a more active involvement in the development of their country. Thus the one-sided focus brought by researches and policy attention of the diaspora as a source of funds makes it impossible for them to make visible other forms of development activities they are involved in regarding their homeland. As Carling, (2014) diaspora need to be fully involved in international forums to co-ordinate resource flows from donors and from diaspora for the development of diaspora's countries of origin. As Carling, (2014) further argues in calculating the costs and benefits of migration, and designing policies to make

migration work better for poverty reduction, governments should not only focus solely on factors which can be valued in monetary terms. Migration can lead to political, social and cultural changes in the countries of origin – and indeed in host countries – as people become aware that other ways of life, and other ways of organizing society and politics, are possible. This can be achieved if the skills and professional capacities of the diaspora are recognized and tapped into developmental activities in Tanzania.

The diaspora further mentioned that the unwillingness of the Government elitists in Tanzania prevents them from fully participating in the developmental activities. They argued that most elites who are in power or in strategic positions are unwilling to work together with or seek the assistance of skilled and professional Tanzanian who live outside the country (the diaspora) for the development of national institutions and services. This suggests that Tanzania is not fully taking advantage of their diaspora, unlike other countries such as India and China (Hansen, 2012).

Importantly, many Tanzanian diaspora involved in the focus group discussions suggested that Tanzania needs to develop national strategies, projects and policies that will specifically target diaspora-led development activities, with the aim of engaging diaspora in the effort of reducing poverty in Tanzania. Therefore, the Tanzanian government needs to develop realistic measures which will enable social capital to be linked to diaspora input in order to reduce poverty in Tanzania. Indeed, the extent to which diaspora remittances enhance development depends on the policy framework of the host and the receiving countries.

Nonetheless, despite complex challenges and constraints noted above, social remittances still have some positive effects on the poverty reduction and development of Tanzanian society.

### **8.2.1.3 Global Economic Recession (2008) and Remittance Flow from Leicester to Tanzania.**

The findings of this study with the Leicester-based Tanzanian diaspora show that despite the global economic recession, which started in 2008 that led to the decline of employment opportunities in the UK, the Tanzanian diaspora still continue to remit as preparation for a return home to Tanzania. This has shaped their remittance behaviour and explains the persistence of remittance flows to Tanzania even when there is an economic crisis.

This is an interesting and a significant phenomenon because past studies (e.g. Orozco, 2013, Ratha et al., 2012; and Maimbo et al., 2005) have shown that diaspora tend to send more remittances during a crisis in the poor, remittance-receiving country (counter-cyclic). Nowadays, with world recession we are seeing a new remittance trend. The stability of remittance flows to developing countries such as Tanzania continues even during a crisis in the richer host countries. Thus, despite the fiscal difficulties in the host country remittances have continued to flow to

Tanzania regardless of whether those fiscal difficulties are experienced in the host or receiving countries. This indicates that remittances are always important as a source of development funding of poor societies and happens even during a crisis regardless of where the crisis occurs.

This argument is supported by other studies such as Ratha et al., (2012); Shah, (2011); Naudé et al., (2010) which suggest that remittance flows, especially from Europe to some developing countries such as India and Sub-Saharan African countries, 'remain resilient' or continue to grow in double digits despite of the current economic crisis in host countries. Ratha et al., (2012), for example, pointed out that despite tightened visa rules in diaspora host countries, the numbers of Indian diaspora in host countries remain the same, and remittances have continued to grow reaching up to \$372 billion in 2011 (Ratha et al., 2012). This is also the case with Tanzania, where remittances inflows reached \$257 million in 2013 from \$172 million in 2008 (table 7.10).

Ratha et al., (2012) further argued that one reason for this is the fact that remittances are often the reason why people migrate. So when migrant incomes are impacted by the crisis, migrants cut consumption or share rent to be able to maintain remittances. However, other literature suggests (e.g. Orozco 2008; Mohapatra et al.,2011) that remittance flows especially from North America (USA) to Latin America and the Caribbean regions suffered a dramatic decline in remittances throughout the economic crisis . Mexico, the world's third largest recipient of remittances for example, also saw a significant decline in remittance inflows from the United States during the crisis with \$24 billion in 2011, down from \$ 79 billion in 2007.

### **8.3 RQ 3: What are the Effects of Remittances on Poverty Reduction and Development in Tanzania?**

The analysis of data regarding the effects of remittances on poverty reduction and development in Tanzania converse about the usage of remittances received from Leicester, the views of the Leicester-based Tanzanian diaspora and remittance users in Tanzania on how remittances help to reduce poverty. The analysis also talk through the role of Tanzania government in harnessing diaspora's efforts and how the government help to bring more effects of remittances for development of the nation.

#### **8.3.1 The Effects of Remittances on Poverty Reduction and Development in Tanzania**

Both Leicester-based Tanzanian diaspora and the remittance receivers in Tanzania have mentioned that remittances have positive effects on receivers' families because remittances helped to increase family incomes and spending, raised consumption and eased credit constraints by improving the working capital for the recipients. They also said it helps them to engage in productivity and entrepreneurial activities, which have positive effects on labour supply and poverty reduction.

As indicated in chapter 7, the findings of this study show that the bulk of remittances from Leicester to Tanzania are used for human capital such as education and health service expenses. The findings of this study also show that investments in land,

agriculture, employment/job creation and business are also relatively common usages of remittances in Tanzania but secondary to education and health expenses (figures 7.7 and 7.13 in chapter 7).

Moreover, this study noted that remittances from Leicester were used for direct investments such as savings or businesses and home improvements though minimal compared to other uses such as education and health services (figure 7.13 chapter 7). Yet the economic effects of these remittances to the Tanzanian society are nonetheless pronounced and significant. For instance, remittances helped to create employment, social insurance, and act as a substitute for the domestic financial systems, helping many children and adults to access better education and health services. As shown in appendix 9, families receiving remittances tend to have a better chance of access to education and health services compared to those who do not receive remittances. As one interviewee explained:

“.....last few years when my son was still here in Tanzania, all his younger sisters were going to public / government schools,.....the quality of education in these schools is very low.... not enough teachers or resources. But when my son managed to go the UK, he is sending us some money, which help us to pay school fees..... now all my three daughters are going to private schools.... They get better education than before.....”

Thus, remittances tend to smooth consumption, provide working capital and have multiplier effects through increased household spending.

In this sense, findings from this study regarding the uses of remittances in Tanzania are contrary to some previous studies. For example; Nwajiuba 2005; Martin et

al., 2002, suggested that remittances received from abroad were used for daily consumption such as for food, drinks. The findings of this study are also contrary to these from much of the literature on remittances has previously portrayed. For example, Tirmazi 2011; Iqbal et al 2008; Chami et al., 2008 argue that remittances have significant impact on the consumption of imported luxury goods or entertainments.

Findings from this study also revealed that remittance receivers were helped to build their assets, both liquid (cash) and fixed (property), and this also helped them gain enhanced access to financial services and investment opportunities. Remittance inflows are associated with a greater accumulation of assets such as land, farms, cattle, houses and higher levels of self-employment and increased small-business investments. This further contributes to community development and empowers people through employment and also gives them access to financial systems, hence reducing the severity of poverty.

The remittance receivers involved in the interviews reported that sometimes they have to save a substantial portion of remittances for unexpected events (e.g. famine, illness, and drought), which help to provide a private safety net. This means remittances are often part of the risk-spreading strategies of households and arise as a 'social insurance' especially in times of food stress. Therefore, remittances sustain households in time of crisis without depending on government aid, which often ends up in corrupt hands.

There are several previous studies (e.g. Ratha et al., 2012; Stratan et al., 2013; Prabal and Ratha, 2012), that also highlight the positive dynamics of remittances on poverty reduction in the developing countries. Generally, the findings of their studies reveal that remittances can play a key role as a powerful anti-poverty force. They benefit the receiving community because they tend to increase the consumer spending of households, hence helping to boost the economy. A recent study, for example, Stratan et al., (2013) on Moldova found that remittances also contribute to reducing the severity of poverty through direct investment. Adams and Cuechuecha (2010) in their study further indicate that international remittances have the greatest impact on reducing the depth and severity of poverty, rather than on reducing its scale, as these help the recipients to have access to clean water, sanitation, as well as medical and education services. Analysing 71 developing countries, Adams and Page (2005) found a relationship between remittance and poverty reduction, statistically demonstrating that a 10 per cent increase in international remittances from each remitter will lead to a decrease of 3.5 per cent in the share of people under poverty. Similarly, Anyanwu et al., (2010), who analysed remittance flows for a sample of 33 African countries for the period 1990–2005, found that the depth and severity of poverty of the remittance receiving communities were reduced by almost 15% more compared to the non-remittances receivers.

Other studies (e.g. Ratha, et al., 2012; Mara et al. 2012, Mercer et al., 2008) suggest that remittance receiving communities have lower rates of infant mortality rate, higher birth weights, higher weight levels during early childhood, and higher health-related knowledge than households that do not receive remittances.

In addition, previous studies (e.g. Ratha et al 2012; Mara et al. 2012; de Haas, 2008) also suggest that remittances inflows can positively add value to the local human capital and ensure greater school attendance and educational achievement of remittances receiving families. Balde (2011) in his survey on cross-country comparison of six sub-Saharan African nations showed a strong, positive correlation between the average number of household members with a secondary education and the receipt of international remittances. de Haas, (2008) and Mara et al., (2012) also show in their studies that remittance inflows to poor communities tend to reduce the liquidity constraints of households, allowing the recipients to afford educational expenditure. de Haas, (2010), argued that investing remittances in education is of high interest because remittances then function as insurance strategies for receiving communities that do not have access to formal social security arrangements. Adams and Cuecuecha (2010) also found that remittance receivers in Guatemala are likely to spend 45.2 per cent and 58.1 per cent, respectively, more on education than do non-remittance households.

However, these positive dynamics have been questioned by other empirical findings (e.g. Adams, 2011; Alvarez-Tinajero, 2010) that highlight the tendency to overestimate the power of remittances to alleviate poverty in developing countries. These studies argue that remittances have negative impacts on the receiving country. Adams (2011) for example, suggests that remittances tend to create inequality and a culture of dependency within the receiving countries by undermining recipients' motivation to engage in productive activities. The studies carried by Alvarez- Tinajero, (2010) in Angola also suggested that majority of remittances receivers are not engaged in any work and 16 per cent of households rely entirely on remittances as income, (Alvarez- Tinajero, 2010). This reliance may have negative

effects on the country's economy because this dependency on remittances as household income may become problematical as uncertainty of receiving remittances occurs. This may increase the vulnerabilities of recipients' lives and may deepen and increase the severity of poverty.

This does not seem to be a problem of Tanzanian society, as many reported that although remittances play a positive role in enhancing better lives, they are not seen as a sustainable income that people totally rely on. As one of the interviewees from Mwanza explained:

“Remittances received help us in many different ways of life..... they help to improve the quality of our lives, but this does not mean that we depend on remittances only as a source of Income..... the crops we produced every year are our main source of income..... Some of them we consume and some of them we sale...”

It has been generally observed in some studies (e.g. Adams, 2011; Mishra, 2007) that economic behaviour of recipient households tends to increase the prices of goods and services in the local domestic market, potentially affecting the entire community by deepening inequalities between remittance recipients and non-recipients households.

However, the findings from this study suggest that migration and remittances do not automatically lead to the rise of inequalities within the received community, because even 'non-migrants' can benefit indirectly from the retail and investment activities of recipients (e.g. development of enterprises). As one of the interviewees from Kigoma said:

“ ..... remittances received have big impact on the development of our community/ village..... For example, since I open this food store almost four years ago, it save almost half of the village population....people come here to buy things instead of traveling almost 15km to get similar products...”

With regards to social remittances, the Leicester-based Tanzanian diaspora reported that social remittances they sent to their country of origin have effects on five major areas:-

- influence on culture, norms and beliefs
- influence health and education outcomes
- gender relation / responsibility
- customer service / consumer patterns and
- music industries.

They said they share these experiences with people back home, which brings challenges but also transforms the beliefs and practices of people in their communities. For instance, some participants FGD5=BG1 and in FGD3=st M said that because of circulation of ideas and practices, now women from their communities back home are allowed to participate in and lead activities in ways that were closed off to them in the past. As participants in FGD1 =H said:

“...now even women from my village they can stand as wagombea diwani...au ubunge (local leaders or parliamentary candidates)... also at my church they even elect some women as a top church leader something that I have never seen when I was there in 1980s..... but nowadays ideas and western practices do influence our norms and culture..”.

The findings from this study suggest that ideas and different cultural experiences arising from the UK and passed onto communities in Tanzania have challenged the traditional status hierarchy and allowed for greater social mobility. They also suggest that social remittances can shake up gender and generational dynamics in ways that benefit women and bring equality even in the gender role. As participants in FGD5=BG1 explained:

“... nowadays in many Tanzanian communities’ women and men share responsibilities for housework (cleaning/ cooking/ ironing), childcare and girls/ women have the same rights as boys to access education and other developmental activities...”

Both the diaspora and remittance receivers also reported that social remittances have better outcomes for health and education in Tanzanian society. They argue that people in Tanzania have become more health conscious as a result of ideas, skills and knowledge transferred from Leicester to Tanzania. For instance, they are more likely to keep their livestock out of their living spaces, build their toilets to better standards, access health care regularly and maintain hygiene around their living environment. As participant in FGD1 =H said:

“...even in our villages nowadays everyone is trying to reach the European living standard, although they are far from the reality but at least they are doing something to improve the living condition...”

Social remittances from the diaspora also have helped to initiate health campaigns such as sexual health campaigns and AIDS awareness. As participant in FGD1 =H explained:

“although everything needs money, when we bring right ideas there to our people, everything becomes easy to implement”.

Thus, social remittances to Tanzania are a potential developmental aid.

The remittance receivers reported social remittances sent to Tanzania have influenced people’s attitudes and thoughts on different aspects of life. It has been explained by the diaspora and the remittance receivers that nowadays even the poorer villagers understand the importance of education due to ideas, skills and different aspirations from the diaspora. As shown in figure 7.7 and 7.13 the majority of people in Tanzania take education as a first priority for their children. The participants in focus group discussions also mentioned that even those who cannot afford to pay for private schools do try different ways of helping their children in their educational attainments. This situation has been influenced by diaspora who are originally from these communities and have been an inspiration for them. The remittance receivers also explain that everyone in the community is trying hard for their children to have better educational attainment. Therefore, social remittances have helped to shift attitudes toward education.

Furthermore, the diaspora mentioned the importance of transnational networks and face to face discussion with key political leaders of Tanzania and businessmen/women or artists when they visit UK. This enabled them to challenge views and political agenda of different political parties as well as sharing valuable the political ideas and practices that help the promotion of a democracy in Tanzania.

The Leicester-based Tanzanian diaspora argued that being a diaspora in the UK, they have a chance to learn from a democratic society and they have the duty to share with and expose the democratic political dealing and practices to their people and leaders back home.

As discussed above, social remittances transmitted from Leicester to Tanzania have multiplier effects that extend beyond their original spatial concentration on the family or communities, in terms of stimulating the formation of small-scale enterprises and job creation for many Tanzanians. For instance, as mentioned in Chapter 7 Leicester-based Tanzanian diaspora reported that they transmitted the ideas and skills and technology know-how. These social remittances enabled them to establish a TV music competition show (similar to 'Britain got talent' or 'X Factor') which has now generated employment for several people in Tanzania; the social remittances from this diaspora had an effect beyond his/her family, village and community.

Many ideas and technological-know-how have been turned into investment and have yielded very positive outcomes, such as creating employment and opening new views to many Tanzanians and their political leaders. Again, like cash and material remittances, the main hurdle for social remittances in the development of Tanzanian society lies in finding the best way of transmitting social remittances, and the means of effectively harnessing and tapping into developmental activities for the benefit of the larger community.

Social remittances to Tanzania arguably have a longer term affect compared to monetary or equipment remittances. This is because social remittances continue to

shape societies long after monetary remittances cease, i.e. the ideas or skills transferred can last forever and re-transfer from one person to another or even from generation to generation but money or material goods may not be re-transferred and their effects may be limited in time and space.

Importantly, this study learnt that in a situation where diaspora face economic hardship, the diaspora may reduce monetary remittances but continue with social remittances. Also, in the case of diaspora returning home their application of new ideas is enhanced by the physical presence in the original community i.e. the diaspora can continue sharing and implementing ideas and good practices, after returning to the country of origin.

Thus, social remittances are equally as significant as financial remittances or perhaps even more significant in reducing the severity of poverty and changing economic and social conditions more widely.

At this point it is important to understand that the concept of 'development' is perceived differently from one individual to another or from one society to another. In Tanzania the concept of 'development' is perhaps perceived very differently from how 'development' is understood from the Eurocentric normative perspective.

For Tanzanians, 'development' is about acquiring essential human development capabilities such as: for people to lead long and healthy lives, people to be knowledgeable and able to access free health services and education, to have a 'real freedom' (Nyerere 1977; Sen 1999) of choice and empowerment, and control their lives without too much dependency.

The Leicester-based Tanzanian diaspora argued that 'development' is about empowering the community by direct intervention and cutting the root cause of the problem. This implies having the means to eliminate their problems without too much dependency on richer countries or world organisations such as IMF or World Bank. It is about transforming people's lives. As a participant in FGD1 =H argued:

"money and machinery are only small part of our problems.... the huge part of our problem is to have right people with right ideas and abilities to do right things for the benefit of our society.....we need technology, skills and right ideas and fair share at the world market than anything else!"

Another participant in FGD1 =H added:

"when we have all these here in Tanzania, we can have the means of empowering our people and we will manage to bring a more sustainable development to our people, something that neither financial nor machinery remittances could bring to our society even if the amount of money sent from Leicester and from the rest of the world could be 10 times more than what we are currently receiving".

This description of 'development' is in line with what Sen (1999) offered in his definition of 'development' (Chapter 1 and 3). Sen (1999:384) described 'development as a process of expanding the "real freedoms" that people enjoy. Development includes elements such as social well-being, income inequality, gender equality and universal access to primary education, health care, and meaningful employment.

The first Tanzanian president Nyerere (1968: 59-60) defined 'development' in the following terms, "development of the people, roads, buildings, the increase of crop

output and other things of this nature are not development; they are only tools of development. The increase in numbers of school buildings only, without education elites (good teachers) is valuable if these things can be sold, and money used for other things which improve health, comfort and understanding of the people which are of more importance. Every proposal must be judged by the criterion of whether it serves the purposes of development and the purpose of development is the people of that particular society”.

Studies (e.g. Hansen, 2012; Mercer et al., 2008; and Hatibu, 2007a) carried out in Tanzania regarding diaspora, remittances and development argue that policy implications are perhaps the clearest obstacle that adversely affect the diaspora economic efforts and remittances for the development the Tanzanian society. These studies suggest that the Tanzanian government should work hand in hand with the diaspora and host countries governments in the formulation workable policies. This is important because the positive effects of remittances in poverty reduction and development of society are likely to increase if policies, regulations and legislative barriers of financial transfers can be reduced (Hansen, 2012).

Moreover, research carried out by the Institute of Research on Poverty Alleviation- (REPOA (2013), report 14/2013) found that Tanzania lacks good market approaches that can be used to enhance the impact of remittances. They argued that there are different niche market approaches used in remittance receivers’ countries that help to facilitate remittance transfer to the recipients. In Egypt for example, they have successfully introduced and implemented the service to compete with unofficial market operators that include exchange companies (Nassar 2008). Similarly, Sanders et al (2011) found that in East Africa, especially in Uganda and Kenya there

are some private companies that cover private transfers, including remittance. However, they operate domestically and sometimes intraregional markets but generally do not extend overseas. Therefore, the Tanzanian Government needs to find ways of establishing similar environments and adopt workable approaches in order to enhance the impact of remittances to national development.

It was reported by the Bank of Tanzania (BoT) financial reports 17 /2012 that remittances act as a source of foreign exchange and influence the national balance of payments which in turn stimulates the countries' economic growth. However, the latest available report from Bank of Tanzania (BoT) financial report 3 /2013 indicated that despite the obvious positive effects of remittances on the Tanzanian economy, it is only 22% of the inward remittances that are recorded, 78% of remittances are not recorded because they are sent through non-formal channels. The report added that there are no actual figures or estimates regarding social remittance channels received from abroad, because there is no proper way of monitoring and measuring them. The report mentioned that the Tanzanian government needs to act urgently in order to overcome obstacles which drive diaspora remittances away from formal channels. The main obstacles included lack of financial services in most rural areas, high fee/cost of sending and lack of awareness of services.

In adding, the Bank of Tanzania (BoT) financial reports 3 /2013 also stated that the current pathways used by the diaspora to transmit social remittance need to be professionalised, strengthened and enlarged so as to become efficient routes of

transmitting knowledge, know-how, expertise, skills and networks to developing countries. This will help to enhance the remittance flow and national development.

Studies from other African countries and other developing countries, for example, Ghana (Ecer and Tompkins 2010; Mazzucato et al., 2008), Egypt (Nassar, 2008) and China (Connelly et al., 2010a) also indicate that when remittances are directed through proper channels of development they do bring positive effects to households and the entire nation.

Based on findings of this study and other studies carried out about the Tanzanian diaspora and remittances (Mercer, et al 2008; Hatibu 2007), it is right to argue that remittances alone are unlikely to lift the whole nation out of poverty, rather it is their interplay with other economic, social and cultural factors which determines the scale of effect on poverty reduction.

The development effects of remittances to Tanzania depend on the size and type of remittances being received, and their continued flow, which in turn depend on the ease with which remittances can be transferred and stimulate the country's economy.

Given that the average per capita income is £100 per month for many Tanzanian (Majira newspaper, January 2014), frequent remittances of between £100 to £500 (Table 7.2 and 7.3) are likely to considerably increase the standard of living of recipients. However, this may not help to transform their lives as only small amounts are used for investment or being channelled into multi-reproductive economic activities. Hence, remittances alone are not enough to bring sustainable

development to the receiving community. As suggested by Ratha et al., 2012 the impact of remittances on Africa has unsustainable economic effects. Hence, remittances alone are not enough to eradicate poverty and bring sustainable economic development and much more needs to be done by the governments.

Generally, the effects of remittances on poverty reduction and development in Tanzania depend on their use and how these are channelled through developmental strategies and economic activities. As mentioned by the Tanzanian government, institutions and other officials (e.g. BoT), remittances have a significant effect on development, but there is still a need to have international recognition of diaspora efforts and the introduction of better policies that favour receiving communities.

### **8.3.2 The Role of the Tanzanian Government in Harnessing Remittances for Poverty Reduction and Development in Tanzania**

Unfortunately, the Tanzanian government is still in the very early stages of tracking diaspora investors and remittances for the development of the country, despite claiming this to be a potential resource for foreign exchange (Hansen, 2012). The general knowledge of the effect of diaspora efforts and remittances on poverty reduction and development of Tanzanian society is still fragmentary for two main reasons:

- Firstly, the poor analytical quality of much prior research regarding international migration and lack of appropriate policies and strategies to incorporate diaspora efforts for development of the country.

- Secondly, is due to the general paucity of information regarding international remittance flow to the country.

Therefore, the Tanzanian government has not yet been successful in attracting diaspora investors and harnessing the diaspora's efforts through remittances, despite the fact that the diaspora continue to make significant philanthropic and economic contributions to the development of their country (Hansen, 2012).

The Tanzanian government institutions and other officials interviewed (e.g. Bank of Tanzania (BOT), Ministry of Foreign Affairs Tanzania) reported that it was not until recently (2010) that the Tanzanian government started to take serious steps to encourage diaspora engagement into the economic and social development of the country. The government has introduced preferential policies which attract and enable diaspora to invest in Tanzania. One of the steps taken includes the state owned banks (The National Bank of Commerce) that allows Tanzanians who live abroad to open bank accounts and apply for business loans. The President of Tanzania, Mr Jakaya Kikwete, has also launched a number of policies and Government initiatives that are aimed at creating an investor-friendly environment that attracts diaspora funds and provides a means for them to invest in their home country, e.g. Entrepreneurship and Investment Policy in 2011 which supports diaspora in investing and building sustainable enterprises.

The Tanzanian government officials suggest that the aim of the government is to create an enabling environment, which in turn helps to create financial inclusion among Tanzanians. Encouraging financial inclusion is seen as a positive goal that will enable the integration of the wider population of both rural and urban areas, who

have been left out of the system due to inflexibility in the banking system in Tanzania.

The Tanzanian government officials also mentioned that in making financial inclusion possible, there have been partnerships between the local banks (such as Cooperative Rural Development Bank of Tanzania (CRDB), and National Bank of Commerce (NBC) ) telecommunication companies (Vodacom Tanzania, Airtel, Tigo, and Zain) and large international money transfer companies such as World Remit, Western Union, Dahabshiil, and MoneyGram/post office).

Interestingly, Tanzania like many other developing countries is now at the forefront of Mobile Money Transfer technologies. For instance, M-Pesa money transfer services provided by Vodacom Tanzania now has more than 17 million subscribers, and Zain has more than 12 million subscribers, followed by Tigo and Airtel which have approximately 8-10 million subscribers. Whilst the main focus is on domestic money transfers, they have also expanded their services to more than 32 countries worldwide with small schemes in the Emirates, the UK and other European countries such as Sweden, Norway, Netherlands and Germany. The operation of services in these countries is in collaboration with large international money transfer companies such as World Remit, Western Union, Dahabshiil, and MoneyGram.

As presented in chapter 7, the interviewees explained that mobile money transfer services have given potential access to the banking system with secure, faster, reliable and inclusive services to millions of Tanzanians who were previously excluded due to poor or a total lack of a banking system, especially in the rural areas

of Tanzania. By bringing the banking services into the mobile devices, banking services now easily reaches the 'hard to reach' population especially in the rural areas.

Apart from financial inclusion, the other benefits include attracting and encouraging the use for formal channels of transferring remittances as well as savings and investments to their country of origin. If the majority of people can use bank services (via mobile money transfer) it will be easier to monitor the amount of remittances sent into the country. In turn, this may help to harness the diaspora efforts and link them to the development of their country. As one interviewee from BoT said:

“When remittances are sent through formal channels such as banks or mobile-money-banks, it will help to maximize the effects of remittances on developments of Tanzania, because for many Tanzanians, especially in rural areas mobile-money-bank is the only point of contact with the formal financial sectors”.

In addition, to the creation of viable means of financial contributions directly to the homeland, the Tanzanian government has sought other means to increase ties with the diaspora. For instance, the Government has established the Department of International Migration Monitoring with the Foreign Affairs Ministry and plans to open Tanzanian government agencies in major host countries such as South Africa, the UK, the USA and Canada.

Among other things, these agencies will help to monitor the number of Tanzanian diaspora who invest back home. These Tanzanian government agencies will also conduct regular visits to diaspora communities and strengthen the relationship between the diaspora and their home country.

Despite all these efforts Government officials interviewed said that whilst remittances are significant to the country, there are number of problems associated with remittances flow to Tanzania, which adversely affect their impact on development. One of the most prominent problems is the costs of sending and receiving remittances, which are directly and indirectly incurred by individuals. Another problem is lack of financial infrastructure in rural areas of Tanzania. They argue that if these problems can be overcome, then there is no doubt that the effect of remittances on Tanzanian society would be doubled. This is similar to what the Leicester-based Tanzanian diaspora and remittance receiver reported.

Whilst there is no doubt that Tanzanian government has made positive steps to harness diaspora efforts into the development of the country, there is still much to be done to ensure that the Tanzanian diaspora are encouraged to invest at home and the Government is creating a conducive environment for such developmental contributions. The Tanzanian government needs to work hand-in-hand with the host countries in order to ensure the conducive environments are created for sending and receiving countries.

Furthermore, to effectively benefit from the advantages of remittances, the key roles of the Tanzanian government and the UK as the host country should be clearly emphasised. Development is the responsibility of the State and its people. Diaspora efforts and remittances can be well harnessed and tapped into development if both sending and receiving countries could work together to ensure better policies, regulations, monitoring and investing through diaspora.

## 8.4 Conclusion

To conclude, findings from this study suggest that remittances to Tanzania have development potential. One of the most telling reasons to remit is the strong family ties or obligation to the households. Those with low income and/or unemployed felt morally or custom bound to help their families back home despite the economic hardship they face here in the UK. This is a clear indication of the altruistic motive as opposed to the implicit contract or any other motives, which imply a positive correlation with those who are employed and have high-stable income.

The Leicester-based Tanzanian diaspora also mentioned that they remit because of involuntary contractual agreement with the family back home who helped them at the certain stage of their lives. For example, during the preparation of the migration journey and with finance until they had settled in the UK. They further, reported that they remit because they are under substantial pressure to support family members in Tanzania and the whole point of settling in the UK is to support their families back home, or to improve their own quality of lives upon return. As explained by participant in FGD2 =BL

“.....is not that I and my sister who have been here in the UK for last 14 years are enjoying living in the shared accommodations but our target is to help our parents and prepare better life upon return...”

Further, remittances sent from Leicester to Tanzania have a direct impact on poverty reduction, since, unlike international aid, they tend to flow directly to those who were intended to receive it, although not necessarily the poorest of poor households. Remittances to Tanzania help to provide social protection to families and reduce the

severity of poverty. This is because remittances tend to be well targeted to the needs of their recipients. The use of remittances in Tanzania varies from education and health care expenses, to investment, loan repayment and for basic needs such as food, and shelter. The findings of this study, contrary to the common observations from other studies, indicate that remittances are primarily used for basic consumption and are not capable of bringing development to the receiving community. Indeed, this argument misses the point that poor household receivers in Tanzania rationally give priority to investment in human capital (education and health) as well as basic consumption. Spending on these needs also has a multiplier effect in the receiving community, and reduces the severity of poverty. The development needs to be accessed and perceived as defined by the common people of Africa. Development is about 'self-reliance' and should comprise various non-economic aspects of social life (Nyerere, 1968).

Thus, development is not about money or material things only, but it also about social changes health, peace and ability to do things without much reliance from other people. However, this does not deny material wealth as an important aspect of human development used by people to be creative, productive and empowered.

# Chapter 9

## **CHAPTER 9**

### **CONCLUSION AND RECOMMENDATIONS**

#### **9.0 An Overview of the Study**

This chapter presents the overall conclusions drawn from both qualitative and quantitative data collected from the three case studies of this study, which are: (i) Leicester-based Tanzanian diaspora, (ii) remittance receivers in Tanzania, (iii) and the Tanzanian government institutions and officials.

The study has sought to examine the effects of remittances sent by Leicester -based Tanzanian diaspora on poverty reduction and development in Tanzania.

Whilst there are several ways of exploring the effects of remittances on poverty reduction and development in the remittance receiving country, this study has done so by firstly, analysing motives to remit of the Leicester-based Tanzanian diaspora, and secondly, by exploring the effects of remittances sent by the Leicester-based Tanzanian diaspora on poverty reduction and development in Tanzanian society.

A number of factors that contribute in shaping the diaspora's remittance behaviours have been examined, such as reasons for migration, who received remittances, the diaspora-receivers relationship, types and methods of sending remittances and their effects on poverty reduction and development (chapter 7 and 8).

The aim of this study was to explore the perceived effects of remittances on poverty reduction in Tanzania from the viewpoint of Leicester-based Tanzanian diaspora and the actual effects of remittances from the viewpoint of remittance receivers' in Tanzania. The importance of this study is that it examines perceptions compared to actual effects of remittances on poverty reduction and development in Tanzania i.e. it is a two-way process.

Another important aspect of this study is that it involved the tracking of individual remittances from Leicester to Tanzania, in order to explore any differences between perceived and actual effects of remittances on poverty reduction and development in Tanzania. To the best of my knowledge, this methodology has not been used before in the study on the effects of remittances to poverty reduction and development in Tanzania or in other African diaspora. As a result, the study provides better insight and understanding on the effects of remittances on poverty reduction and development in Tanzania.

The study also adds significant contributions on the theories of diaspora / migration and development, and on the theories of diaspora's motives to remit (see section 9.1(ii) below).

The findings of this study may also help to influence policy formation on how best to harness diaspora and their remittances for the development of Tanzanian society, because it provides a clearer understanding of Tanzanian diaspora's capabilities and

interests, as well as types of remittances, channels of sending, and obstacles that hamper the effectiveness of remittances on poverty reduction in Tanzania.

## **9.1 Key Findings and Theoretical Contributions of the Study.**

**(i). Key Findings:** The overall finding of this study is that remittances remain important to people's welfare in Tanzania. They help to reduce the depth and severity of poverty in the receiving communities. Hence, they improve the quality of lives of the recipients, and bring development to society. The following are the key findings of the study:

The first key finding of this study revealed that whilst literature (e.g. Hansen, 2012; Mercer et al., 2008) on the effects of remittances on Tanzanian society suggest that remittances sent are used mainly for immediate household consumption, this study presents contrary findings which show that majority of remittances sent from Leicester to Tanzania are mainly invested in long-term human capital; i.e. used for education and health/ medical expenses (figure 7.7).

The findings of this study also indicate that even when the remittances sent are used for consumption of local goods and services this in turn benefits other members of the community through the increase in demand. Hence, remittances have multiplier effects that help to stimulate local production, and reduce poverty.

The remittances received from Leicester, therefore, have effects that extend beyond their original spatial concentration on the family, in terms of stimulating the formation

of small-scale enterprises and job creation for many Tanzanians. Although the majority of remittances (32%) were sent to individuals (family and friends), only 4% of remittances were sent directly to charities/ organisations and only 5.8% of the remittances are used for investments or for the establishment of businesses (figure 7.6 and 7.7), nevertheless, remittances received still have positive effects for Tanzanians because of the multiplier effects in society.

Adams (2011) also argues that although remittances to other developing countries such as Morocco are used mainly for household consumption they still have indirect effects on poverty reduction. This is because remittances help to increase the consumption level of households, which might have substantial multiplier effects, as these are more likely to be spent on domestically produced goods.

The second key finding of this study reveals that in spite of the obvious positive effects of remittances sent from Leicester to Tanzania on poverty reduction and development in the receiving communities, yet the remittances received are not likely to reduce the scale of poverty in the wider Tanzanian society as much as they should because there are lesser effects at national level than at individual and community levels. In other words, the effects of remittances do not seem to benefit and transform the lives of the wider Tanzanian society. There are number of reasons for this situation that stand out from the findings of this study as discussed in chapter 7 and 8, which include:

- Only 24% of remittances are sent through formal channels. Seventy six percent of remittances are sent through informal and semi-formal channels (see figure 7.3). This is due to a number of reasons that include a lack of

formal channels (e.g. Banks, and MOTs) for sending and receiving remittances in Tanzania, especially in rural Tanzania, and high fees for sending and receiving remittances through formal channels. As a result, there is a lack of systematic recording of the inflow of remittances in Tanzania as remittances are mainly sent through informal channels that are unrecorded. Consequently, it is difficult to measure their effects on development or to incorporate them into developmental strategies. In turn, this adversely affects the positive impact of remittances on development and poverty reduction in Tanzania, especially at the large scale (i.e. at national level).

- From a wider development perspective, therefore, one of the major challenges to increasing the effect of remittances on poverty reduction in Tanzania is to motivate senders/ the diaspora to conduct their remittance transfer operations through formal channels which have low costs of sending. In that way, remittances could become formal savings and deposits in financial institutions and, thus have a multiplier effect in the wider economy. This could be addressed by increasing the supply of formal financial services in all regions of Tanzania, especially in rural areas. In turn, this would enable the recipients to access financial services such as savings accounts, consumer loans, mortgages, life and non-life insurance products, and pensions. Further, if remittances are sent through formal channels, the data will be recorded better and help to improve the data consistency and efficiency. Remittance data reporting will be easier to monitor and to create transfers into other poverty reduction strategies, investments and developmental activities. This would not only stimulate the financial system,

but more importantly it will help recipients and non-recipients of remittances to improve their living conditions, reduce the severity and the scale of poverty, and help the country's economic growth.

Generally, there is a need for changes to the management of the inflow of remittances and the monitoring of number of Tanzanians in diaspora. Because the existing mode and methods of contacts and engagement between the diaspora and Tanzania remain largely informal, ad hoc and are mostly at family, and community levels. The access of the diaspora to necessary support and assistance to facilitate fruitful interaction at the national level remains extremely limited. Apparently, the Tanzanian government pays scant attention to diaspora and remittances as there is not a comprehensive database of Tanzanians living in diaspora, which can be a source of reliable statistics for networking and collaboration. In addition there are no records that show the amount of remittances received from its diaspora. The general lack of records results in a paucity of data and knowledge about the uses of remittance, makes it difficult to accurately examine the impact and effectiveness of the various engagement policies and strategies for maximizing the benefit of remittances for development of the nation.

Tanzania has not yet taken effective initiatives that will give rise to an establishment of political, social and economic conditions conducive to encouraging and attracting the diaspora as good ambassadors who can contribute to development of their country. There is also a lack of appropriate policies that can help to maximize the benefits of remittances.

Other African countries such as Nigeria, and Ghana have taken various measures to ensure engagement of their diaspora and the inflow of their remittances are operated in formal channels and are at the forefront of the countries policy objectives (Ecer and Tompkins, 2010). These countries have established formal relation with their diaspora through viable policies and institutions that help to ensure a thorough engagement of diaspora in the development of the country and inflow of remittances are conducted through formal channels and are recorded. For example, these countries have adopted a multifaceted approach to the issue of mainstreaming the diaspora into the development process through the Directorate of Technical Cooperation of Africa (DTCA). This body is mandated to enhance African continental development by creating an enabling environment and opportunities for the African diaspora to invest their intellect, expertise and skills (social remittance) and financial and material remittances for the development of their countries of origin and for the benefit the whole continent (Orozco, 2013; Quartey, 2010).

Nigeria and Ghana have also taken individual initiatives to engage diaspora and maximize the effect of remittance on poverty reduction and development. Nigeria for example, has established a viable strategy called Nigerians in Diaspora Organization (NIDO) formed in 2000 with a vision of monitoring and creating a comprehensive database of Nigerians residing outside the country. NIDO also encourages the use of formal channels for sending remittances in order to harness their skill, expertise and knowledge base to promote socio-economic and infrastructural development of the nation.

Another efficient strategy established by the Nigerian government is a special programme known as the Linkage with Experts and Academics in the Diaspora

Scheme (LEADS) launched early 2000's , which aims to attract experts and academics of Nigerian origin in the diaspora to contribute to areas of information and communications technology, mathematics, medicine, and gas engineering.

Ghana has also adopted efficient strategies for diaspora engagement and remittance management for development of the country. For instance, through Ghana Investment Promotion Centre (GIPC), the country has established a programme known as Harnessing the Global Ghanaian Resource Potential for Accelerated Development

(HGGRPAD) that aims to identify the means to tap into the acquired capacities of Ghanaians living abroad for national development and to bring together Ghanaian diaspora in order to brainstorm on the development process and sustain economic growth in Ghana. Therefore, one of its roles is to explore productive opportunities between Ghanaians living abroad and their homeland in the areas of export trade, agribusiness, information technology, and medicines. The HGGRPAD programme also works to encourage diaspora to send remittances through formal channels, (Mazzucato et al., 2008).

Another concrete step taken by the Ghanaian government was the establishment of a National Migration Bureau within the Ministry of Interior, with the overall objective of mainstreaming migration into national development planning by monitoring and recording the number of Ghanaians living abroad and the actual statistics on the volume of diaspora remittances received in the country every year.

Similarly other developing countries such as the Philippines, have established the specialized workforce and active organizations, such as the Overseas Workers

Welfare Administration (OWWA) and Philippine Overseas Employment Administration (POEA), whose aims are to promote the welfare of the Filipinos living as diaspora and engage them into development programmes. These organisations also monitor the number of Filipinos in the diaspora and their economic activities and ensures that the diaspora protection and development of the diaspora is at the forefront of government policy objectives (McDonald and Valenzuela, 2012; Bautista, 2009).

In order for Tanzania to effectively engage its diaspora and maximize the effect of remittance on poverty reduction and development, the country's efforts need to concentrate on articulating and putting in place a coherent institutional structure and viable policies and mechanisms to work closely between Tanzania and the host countries. These mechanisms also need to aim at addressing how effectively the two main constraining factors (i.e. general lack of records resulting in a paucity of data and informal channels of sending remittances) can be tackled. This is important because if Tanzania can overcome these constraints it will help to more accurately examine the impact of diaspora remittances and maximize their effects on poverty reduction and development of the country.

Tanzania also needs to learn from other countries such as Nigeria, Ghana and the Philippines, on how they formally manage migration, diaspora and remittances for the development of their countries; and where possible to collaborate with these countries on the formation of viable policies, strategies and mechanisms regarding diaspora remittances. Indeed, leveraging remittances requires a multifaceted, all inclusive approach (see further recommendations in section 9.2 and 9.3).

The third key finding of this study is the effect of Ujamaa ideology on the remittance behaviours of the Leicester based Tanzanian diaspora. The findings of this study show ethnicity has no effect on the diaspora motives to remit. The diaspora remit simply because they still hold the belief brought by Ujamaa i.e. familyhood/brotherhood (chapter 7, section 7.1.2.2(h)).

As discussed in chapter 2, 7 and 8, Ujamaa ideology intended to fight against the attitude of individualism and selfishness which prevailed in Tanzanian society during colonialism. Ujamaa ideology was, therefore, embedded in assumptions of co-operation and sharing, whereby members of the society would live by helping one another and sharing whatever they produced as one family (familyhood/brotherhood).

In addition, Ujamaa's concept of development arose against the background of the slave trade and colonialism as Tanzania's response to the situation of both material poverty and spiritual poverty.

Moreover, Ujamaa intended to unify society that was divided along tribal, ethnic, racial and religious lines. Ujamaa, therefore, can be considered as one of the main mechanisms that brought about unity, peace and respect among tribes and ethnic groups in Tanzania.

It is through these avenues that Ujamaa contributed to the shaping of the remittance behaviour of the Tanzanian diaspora. As the people who were involved in this study mentioned in focus groups discussions: "..... Nyerere alitufanya tuishi kama ndugu.....sisi sote ni ndugu... pamoja kwamba mimi ni muhindi..." (' Nyerere made us live as relatives- brothers and sisters..... we are all related to each other..... although I am Indian')

“sisi ni wa jamaa kusadiana ni desituri yetu” (we are the ‘Ujamaa’ product, so to help one another is just a part of our traditions).

All these words prove that Ujamaa had positive effects in shaping remittance behaviour of the Tanzanian diaspora.

The effect of Ujamaa in shaping Tanzanian diaspora’s behaviour is a unique factor that exists among Tanzanians only, because to the best of my knowledge I have never come across any other country whereby a particular socio-political background of the diaspora’s country of origin contributes in shaping diaspora motives to remit.

In other countries such as Ghana, for example, it has been reported (e.g. Orozco, 2013; Quartey, 2010) that in spite of large inflow of remittances to the country (compared to Tanzania), remittances benefit only certain large tribes (e.g. Akan-Ashanti) as many other small tribes (e.g. Ewe) have been marginalised due the effect of community divisions and tribalism.

However, although Ujamaa has a positive effect on the motives of the current older generation of Tanzanian diaspora, it is important to ask the question whether Ujamaa will have same effect on future generations. The younger generation have been reminded of Ujamaa by their parents/guardians. However, will the Ujamaa ideology continue to be transferred to future generations when the current generation passes away?

As shown in this study the younger generation argued they send remittances as a way of practicing their religious beliefs and as means of prolonging their cultural heritage or maintaining their identity.

The fourth key finding of this study relates to the geographical location of where the diaspora are from within Tanzania. In particular, whether a person comes from an urban or rural area of Tanzania affects the types of remittances sent, their uses and eventually the effects of remittances on poverty reduction and development in Tanzania. For example, the diaspora from urban areas are more likely to send remittances for investment than those who are from rural areas. The reason for this has been explained by diaspora involved in the study to be the result of developmental differences between rural and urban areas of Tanzania (chapter 7, section 7.1.2.2(f)).

In addition, the geographical location where the diaspora reside in Leicester also seems to affect the propensity of the diaspora to remit (chapter 7 section 7.1.2.2 (g)) and chapter 8, section 8.2.1.1).

Nasser (2008) also found that the geographical location where the diaspora are from in Egypt (i.e. the rural or urban) was an important factor affecting the types of remittances sent and the use of remittances in the receiving community. Similarly, Orozco (2013) argued that diaspora may have a different propensity to remit depending on where they resided within the host country such as in the USA.

The fifth key finding of this study is that as well as financial and material remittances, the diaspora also transmit valuable social remittances such as skills, knowledge and technology-know-how. However, the diaspora raised their concerns about 'brain death'. They describe this as something worse than 'brain drain', because 'brain drain' allows the diaspora to utilize their skills and knowledge in the host country, but

'brain death' a diaspora is not allowed to utilize the skills and knowledge in host nor the home country (chapter 8.1(iii)). This issue of 'brain death' is a more serious problem than 'brain drain' that is often over-looked. Many studies (e.g. Hansen, 2012; Beegle et al., 2008) argue that migration, diaspora and poverty reduction in Tanzania result in 'brain drain' and forget 'brain death' as an obvious problem faced by many diaspora (chapter 8.1 (iii)).

To tackle 'brain drain' and/or 'brain death' and create 'brain gain' other countries, such as the Philippines, Ghana and Nigeria, have created special programmes and institutions such as OWWA, POEA LEADS and HGGRPAD that aim to identify the means to tap skills, knowledge, expertise and experiences acquired by diaspora abroad for development of their origin countries. Among other things they work to promote and protect the welfare of their citizens in the diaspora and fight against the diaspora workers exploitation in the host countries (Quartey, 2010; Bautista, 2009). Therefore, Tanzania also needs to take serious measures that can turn 'brain drain' and 'brain death' into 'brain gain'.

**(ii) Key Theoretical Contributions:** The findings of this study have been discussed and analysed within the theoretical framework as indicated in chapter 5, 7 and 8. As argued in those chapters, the nexus between diaspora- remittances, poverty reduction and development in diaspora's countries' of origin remains a multifaceted and diverse phenomenon. Hence, this suggests a lack of a single subtle theoretical framework and leaves this phenomenon open for theoretical debate and contributions (de Haas, 2012).

With regard to theories of motives to remit, the Leicester-based Tanzanian diaspora mentioned that amongst other motives such as altruism and exchange motives, they also remit because of the 'unique effect' of Ujamaa ideology. Its uniqueness, means the existing theories of motives to remit (e.g. altruism or exchange motives) posed by others do not fully explain the remittance behaviour of the Leicester-based Tanzanian diaspora. The impact of Ujamaa must be considered when developing theories of motives to remit of Tanzanian diaspora.

The findings of this study also indicate that social pressure, and maintaining personal identity (especially younger/ second generation) also play significant roles in shaping Leicester-based Tanzanian diaspora's motives to remit (figure 8.1).

These findings add valuable contributions to the discussion around existing theories of motives to remit and pose a new challenge to the existing theoretical approaches on diaspora motives to remit, which are mainly centred on the altruistic approach. In turn this may give much richer theoretical analysis on theories of diaspora/ migration and development.

With regard to theories of migration and development in a diaspora's country of origin, the findings of this study show that although the majority of Leicester-based Tanzanian diaspora indicated that they migrated from Tanzania to the UK for studies/ education purposes (chapter 7, section 7.1.1), migration and remittances are livelihood strategies for many Tanzanian households. By following these strategies, member(s) of the family migrate in order to find better opportunities and send remittances which can contribute to the livelihood security of the household and to

help to improve their quality of lives or reduce poverty (Chapter 7, sections 7.2.1 and 7.2.6).

This reaffirms the Pluralistic theoretical perspective on migration and development (chapter 5, section 5.1.4 and 5.1.5), which suggests that migration is a livelihood strategy. Migration is a livelihood strategy through which Tanzanian households improve socio-economic conditions. Remittances from migrants (diaspora) tend to have immediate and direct effects on the livelihoods of the receivers. Hence, they help to reduce the depth and severity of poverty and bring development to the receiving communities (i.e. optimistic perspective).

This is contrary to other studies carried out in Tanzania (e.g. Hansen, 2012), which argued that migration has less benefits in development of the country, because if remittances are the major benefit of migration from the development point of view, then the loss of human resources i.e. 'brain drain' is the most serious consequence because the majority of migrants are well educated. This implies a loss of public resources invested in their education, and reduces the country's productive capacity (i.e. pessimistic perspective).

Similarly, in Ghana whilst on one hand, some studies (e.g. Kwankye, 2012; Quartey, 2010) found migration and migration have positive effects because financial and material remittances sent helped to increase consumption of migrant households, and social remittances (e.g. skills and knowledge) and/ or returning diaspora lead to brain gain (i.e. optimistic perspective). On the other hand, other studies (e.g. Adams et al., (2008) argued that migration and development cause inequality and brain drain because many migrants are well educated (i.e. pessimistic perspective).

However, the fundamental question is not whether migration and development are perceived from an optimistic or pessimistic perspective, as the focus of a study largely determines its perspective (Ratha et al., 2012). Rather what is required is a full understanding of the complexity of the effects of migration through systematic empirical research of the specific migrants (i.e. Tanzanians). It is, therefore, essential to carry out an empirical study in a specific country (i.e. Tanzania), rather than relying on a broader theoretical framework, because by doing so, it will help to identify areas where policy intervention can maximise the positive effects of diaspora and remittances on poverty reduction and development of the diaspora's country of origin.

## **9.2 Recommendations to Diaspora, Tanzania and Host Countries**

This study showed that Leicester-based Tanzanian diaspora as agents of development act individually or collectively. They are active players in reducing poverty and bringing development to their country of origin (chapter 7 and 8). They have found ways of mobilizing and sending remittances to families, friends, communities, and charities through good times and bad (i.e. before and during economic recession in the host country). Therefore, they certainly do have a lot of capability. Yet, the Tanzanian diaspora have great potential to leverage far more the effects from their efforts, but this is likely to happen only if they can work effectively with other international development agencies of both host and origin countries, non-governmental organisations (NGOs), civil society, and the private sector.

Further, as the majority of the Leicester-based Tanzanian diaspora claimed to work in unskilled jobs such as cleaners, drivers, carer, despite being educated to degree level, they faced 'brain death' because of lack of opportunities to utilize their skills and knowledge (chapter 7 and 8). Tanzania should establish appropriate policies that will help to engage diaspora for the development of their country. They should also and take other measures, such as bilateral codes of practice with the UK, which will enable the establishment of innovative schemes to tap the diaspora's skills, experience and knowledge. The schemes should aim to serve as the preface to reverse 'brain death' and 'brain drain' to create 'brain gain'.

Tanzania and international agencies working in the development field should consider diaspora as natural partners and as an integral element of the development strategies. Therefore, diaspora need to be included in the planning, identification, implementation, monitoring, and evaluation of policies and projects.

This form of partnership will help to bring developmental effects in the diaspora's country of origin through the transfer of skills, technology, and management know-how. In turn, this will stimulate economic changes needed that may become a central part of reducing poverty and achieving development in Tanzania.

Furthermore, the UK and Tanzanian authorities together with diaspora members can create a common platform for dialogue which will enable an understanding of local needs alongside the skills, knowledge, capacities and interests of the diaspora. Subsequently, this will have the potential to utilize diaspora's skills and knowledge for the development of the UK and Tanzania.

Host countries, as well as Tanzania itself must recognize the diaspora's central role and take necessary steps to create enabling environments within which the diaspora can actualize their aspirations that have significant implications for development. For example, the creation of integration programs in the UK which help diaspora to address challenges such as employment opportunities. This will enable the diaspora to utilize their skills and knowledge and become more confident investors in their home country.

The establishment of a credit union may also help to strengthen the diaspora's efforts and maximize the effects of remittances on poverty reduction. Credit unions may help to provide the institutional platform to bring together all Tanzanian diaspora across the world and use that platform to facilitate the strengthening of ties between diaspora communities and their home country. The UK and Tanzania through multilateral organisations, and foundations should support such initiatives so that diaspora communities can be moved to commit to nation building efforts with a new level of efficiency and effectiveness in reducing poverty and accelerate development in the diaspora's country of origin.

Further, the Leicester-based Tanzanian diaspora should be able to recognize their formidable strengths. If they combine forces to work together with other diaspora on national, regional, and global levels this will help to build the bottom-up structures that enable them to share ideas, learning, resources, and development strategies with fellow diaspora across the world. As a result, this will help to shape the agenda, influence policies, mobilize the resources, and hence reduce poverty and bring development to their country.

Importantly, the initiatives for successful involvement of Tanzanian diaspora in development and poverty reduction in Tanzania must come from within the diaspora. Initiatives, projects and programs to link them to development must be demand-led. This is crucial because projects or programs that are devised by governments or donors without reference to the diaspora are likely to be limited in their effectiveness. Development projects and programs are likely to succeed only when common objectives are shared by the policy makers, the diaspora and the governments of the host and origin countries.

Tanzania should also incorporate the contribution of their diaspora and remittances in national development plans and programs. This could be done through sustained engagement with the diaspora in the multiple facets of development.

The findings of this study also reveal that majority of the remittance receivers, especially in rural Tanzania, are not exposed to supportive infrastructure and they are not aware of the opportunities available in the country that will help to maximize the benefits of the remittances they received from Leicester. Tanzania, therefore, should take necessary steps to educate people and bring awareness of the development opportunities available. Awareness through the mass media, training, and through formal and informal education, would all be steps towards capitalizing on the development opportunities of remittances. Financial inclusion, and the ability to make informed judgments and decisions regarding the use and management of money is important for all Tanzanian citizens. It is vital to the growth of financial systems and the wider country's economy, because inclusion influences how people save, borrow, invest and manage their financial affairs.

This research learnt that encouraging steps towards promoting financial literacy and inclusion have been started by the Cooperative Rural Development Bank of Tanzania (CRDB), and National Bank of Commerce (NBC). The proliferation of mobile banking services in Tanzania also helps to increase the use of formal banking systems (i.e. mobile-bank service). All these are crucial measures in maximizing the effects of remittances in poverty reduction.

Indeed, the greater the understanding is of the effects that remittances are having in Tanzanian society, from the perspective of the diaspora, receiving individuals, families, and communities, the more quickly and efficiently policies can be put in place to increase the effects of remittances on poverty reduction in Tanzania.

In summary, collaboration between diaspora members, the UK and Tanzania authorities, together with development actors need to be strengthened in order to fully tap and harness diaspora efforts and remittances for the development of Tanzania.

It is, therefore, important that both the UK and Tanzanian governments take serious steps to address the following:

- Reduce remittance transaction costs and extend formal channels of remittance transfer such as Bank, Post office, and MTOs services to all Tanzanians, especially in rural areas of Tanzania, and to encourage financial inclusion.

- Encourage the diaspora to send remittances through formal channels. This is important because it will help to record the inflow of remittances, and increase deposits in the banking system. This will then foster financial inclusion in Tanzanian society, and stimulate the country's economic growth.
- Encourage more productive and development uses of remittances by directing remittances to durable investment programmes (e.g. Microfinance programmes) that could fuel community and national development, touch not only the direct recipients but also the general public. This would help maximize the effects of remittances from individual level to national level.
- Ensure social remittances (e.g. skills, technology-know-how, knowledge and experiences) are effectively being acquired, utilized and transmitted to Tanzania for the development of the country. This can possibly be achieved by creating a common platform for dialogue between diaspora, Tanzania and the UK, which will facilitate the understanding of local needs alongside the skills, knowledge, capacities and interests of the diaspora.
- Encourage group collective remittances from diaspora organizations, by offering them technical assistance, help with institutional development, matching funds, and financial services.

### 9.3 Recommendations on Policy Formations

There is no approach or policy that can be a one-size-fits-all model that will work effectively to engage diaspora from different countries of origin. Diaspora from different countries have a unique set of capabilities and interests based on socio-political and economic backgrounds of their countries of origin, and the present reality of their positions in the wider British society. Therefore, the policy makers have to address these complexities.

In highlighting the findings of this study, the strategies for maximizing diaspora's potential for the development of their countries of origin may require the following:

- The diaspora's countries of origin should identify goals and define the internal tools and mechanisms (e.g. administration, financial assistance, and infrastructures) required for socio-economic developments of their countries. The diaspora's home countries should, therefore, ascertain how far their own capacities will go toward reaching their goals, and which capacities reside within the targeted diaspora. For example, if the goal of Tanzania is to reduce poverty, its diaspora's policy will need to focus on remittances, business investments, and capital markets. If, however, the goal is to improve country's economic competitiveness and support the national balance of payments, its diaspora policy will need to emphasize the knowledge know-how, skills and experiences that members of diaspora can transmit to their country of origin. Therefore, the government should establish a conducive environment for this to happen by facilitating the diaspora's personal efforts in transforming skills and knowledge by connecting their home country's institutions of learning with

advanced institutions in the host country (e.g. the UK) with which diaspora members have ties.

- Empirical evidence based on local knowledge, which will help better understand diaspora and their potential is another crucial step for policy formation. As this study revealed, a lack of reliable empirical data based on local knowledge is an obstacle to the establishment of workable policies. This is because empirical research, especially at large scales and based on local knowledge are normally concentrated on high-corridor remittance flow countries (e.g. India, Mexico, Egypt) and leave other countries such as Tanzania without empirical data. Therefore, diaspora's home countries in collaboration with host countries should become involved in serious, comprehensive data collection through clear records of out-migration, research, diaspora censuses, location mapping of diaspora, and compiling inventories of diaspora skills, knowledge and experiences. Tanzania should also work together with diaspora organizations such as diaspora hometown, alumni clubs, and professional associations because national census data does not usually capture out-migration. Census data only offers a snapshot of people residing in a country at the time of the census.

Data collected through this cooperation will be more systematic and reliable, so they will be more useful in informing policy makers about the diaspora's birthplace and ancestry (while protecting identities of the individual person), the number of diaspora in the country (i.e. the population size of diaspora from certain country), location and/or distribution (i.e. where diaspora

populations concentrate) and also about skills, prosperity and the level of integration of diaspora in wider socio-economic positions.

- Last, but not least, there may be a need to appoint a diaspora spokesperson who will help directly in the actual policy formulation process so they can present diaspora issues to policy makers. Moreover, the governments of host and home countries can build trust with the engaged diaspora population and allow a dual citizenship in order to build trust in the diaspora who have multiple commitments to meet all obligations of citizenship of host and home countries.

In brief, policies on diaspora and remittances can be designed to:

- Create an enabling environment for attracting remittances and channel them into developmental programs.
- Promote financial inclusion by improved access to banking services to all citizens.
- Provide incentives to attract investments by diaspora i.e. tax exemption on remittances.
- Ensure equal distribution of remittances, in order to avoid inequality within the society, and bring national economic growth.
- Support for the projects established by individual diaspora and/or diaspora associations.

## **9.4 Conclusion and Future Research**

To conclude, the Leicester-based Tanzanian diaspora perception on the effects of remittances and the actual effects of remittances demonstrated by the remittance receivers in Tanzania are closely matched. Both the diaspora and the remittance

receivers indicated that remittances received have positive effects on the socio-economic aspects of the recipients' lives (e.g. remittances are used for school fees and medical expenses; figure 7.7 and 7.13).

The more remittances the country receives the better are its prospects for socio-economic development of individuals and the receivers' communities. Therefore, in spite of other interventions and perhaps a lesser emphasis on remittance sending nowadays, diaspora remittances remain a critical input into poverty reduction and development in Tanzania.

However, in spite of the multiplier effects of remittances received from Leicester to Tanzanian society, large inflows of remittances over time that flow to specific remittance receivers may lead to the question of unequal distribution and inequality within the Tanzanian society. Tanzania should, therefore, take necessary measures to establish appropriate policies that will ensure equal distribution of these resources. The positive effects of remittances on poverty reduction and development of the country demand greater attention of the policy makers, given the fact that nowadays diaspora and remittances are an integral part of economies of many developing countries.

It is, therefore, necessary to ensure that the characteristics of the diaspora (i.e. their capabilities and interests) are factored carefully into any policy formation. The inclusion of diaspora's characteristics is important because it will help to ensure coherent and sustainable outcomes in the long term.

With regards to future research, due to an increase of the Tanzanian diaspora in the world, empirical studies of remittances are relevant for the formation of appropriate

policies and for the country's economic growth. Future research, should therefore, be conducted on a large scale, as one of the ways forward to investigate how the Tanzanian diaspora remittances across the world can be tapped into poverty reduction and development strategies of the country. This is important because increasing the knowledge about the effects of remittances will aid better development policies that will, in turn, become the basis of further improvements in the standard of living of the people and its success on socio-economic growth of the country.

Future research on the Tanzanian diaspora should encompass and emphasize the importance of social remittances (e.g. skills, knowledge know-how) to Tanzania, which are currently being perceived as of lesser importance compared to financial and/ or material remittances.

Future research should also attempt to address all issues and obstacles that hamper Tanzanian diaspora from sending financial, materials as well as social remittances through formal channels.

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## Appendix 1

**UNIVERSITY OF DERBY**  
**DEPARTMENT OF GEOGRAPHY, EARTH AND ENVIRONMENTAL SCIENCES**

### INFORMATION SHEET

**COURSE: PhD**

I am a PhD student at Derby University. I am researching the views of Tanzanian in living in Leicester, UK regarding remittances they send back to Tanzania. I am intending to conduct focus group, unstructured interviews and questionnaires in order to understand what you think about the subject.

This research study has been given ethical approval by the university.

The focus group will be tape recorded and transcribed. The resulting information may be used as part of my university assignment. This thesis will be a public document.

You have the right to withdraw from the study up to 10 days after focus group/ interview and questionnaire without giving a reason. Please contact me directly if you wish to withdraw.

I will endeavour to make sure you cannot be recognised from the information I include in my research. I will take care of any information you give me; it will be stored in a secure place and be destroyed after the research has been passed by the university.

Many thanks for your time and help

Yours

Faithfully

Asmahan Mssami Msuya

<p><b>My Contact Details:</b></p> <p><b>Asmahan Mssami Msuya</b> 26 Langley Walk Leicester Le4 2ty +44 7717013940 Asmamsami@Yahoo.Com</p>	<p><b>My Dissertation Supervisor's Contact Details:</b></p> <p><b>Dina Abbott (PhD, FRGS, FHEA)</b> Professor of Development Geography Geographical, Earth and Environmental Sciences University of Derby Kedleston Road Derby DE22 1GB <a href="mailto:d.abbott@derby.ac.uk">d.abbott@derby.ac.uk</a> 01332 591757</p>
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## Appendix 2

**UNIVERSITY OF DERBY**  
**DEPARTMENT OF GEOGRAPHY, EARTH AND ENVIRONMENTAL SCIENCES**

### CONSENT FORM

**COURSE: PhD**

Researcher: **ASMAHAN MSSAMI MSUYA**

<b>Research Question:</b> Diaspora, Remittances, Development and Poverty Alleviation: Case study of the Tanzanian diaspora's perceptions in Leicester, UK	
I have read the attached information sheet.	[ ]
I understand the purpose of the study and what I am being asked to do.	[ ]
I am aware that I can withdraw up to 10 days after focus group/ interview without giving a reason.	[ ]
I give consent that the focus group/ in- interview can be recorded.	[ ]
I give consent for the information collected to be included in a university assignment which may be read by members of the public.	[ ]
I give consent for the information collected to be included in a short article.	[ ]
<b>Consent given by:</b> Name: <b>[Name of participant]</b> Signature: Date:	<b>Conditions agreed by:</b> Name: <b>AsmahanMssamiMsuya</b> Signature: Date:

## Appendix 3

### Survey Questionnaire

Hello, my name is Asmahan Mssami Msuya. I am a PhD student at the University of Derby. I am researching the views of Tanzanians living in Leicester, UK regarding remittances. I would like to ask you some questions about remittances you are sending back or have previously send to Tanzania/ your country of origin and whether you think this assists with managing of poverty.

Any answers are completely confidential and will be safely destroyed after the successful completion of this research.

I would be grateful if you can complete all questions, and return to me in two weeks of receipt of this questionnaire.

Thank you, Asmahan

1. Can you please tick the correct category and provide more detail when required:

(a) Age (under 18)

18 – 20

20- 30

30-40

40-50

50-60

60+

(b) Gender

female

male

(c) Your ethnicity

Black Tanzanian

Indian Tanzania

Arab Tanzanian

White Tanzanian

Mixed race

d) what is your level of education?

basic education (up to age 17)

A-Level education (further education)

diploma/degree level (higher education)

(e) What is your employment status?

employed / self employed

Other (please specify)      unemployed / on benefit

2. Where were you born?.....

(a) Tanzania

(b) Elsewhere in Africa

(c) Europe/ America/ Australia/Asia

3. If in Tanzania, which region, town/ village

.....

4. Why did you come to UK

- (a) To study
- (b) To join other family members
- (c) For work/business purpose
- (d) Other

5. How long have you lived in the UK?

- Less than 5 years
- 5 to 10 years
- 10 to 20 years
- Over 20 years

6. Do you have the intention to return back to Tanzania?

- Yes
- No

7. Do you send remittances to Tanzania?

- YES
- NO            Any specific reasons?

8. \* What is your religion? .....

(a) Are you obliged to remit at the time of religious festivals? (e.g. Ramadhan, Eid, Diwali, Christmas, Esther ) or for any religious reasons (e.g. zakat, Sacraments.)

- Yes (please give an example).....
- No

9. What kind of remittances do you send? (please tick all that apply)

- (i) Financial/ monies
- (ii) Social remittances (e.g. ideas, know-how, skills, technology, practices)
- (iii) Equipment such as computer, mobile phones, schools or hospital equipment and materials
- (iv) Any other

10. To whom do you normally send remittances to:

- (i) Relatives, friends
- (ii) Family members
- (iii) charities/ other organisations
- (iv) Other (please specify).....

11. Why do you send remittance to any of the above?

.....  
 .....

12. How frequently do you send money as a remittance?

- (i) Once a week
- (ii) Once a month
- (iii) Every 6 months
- (iv) Once a year
- (v) When required
- (vi) If any other frequency please specify.....

13. What percentage of your income do you send back to Tanzania?

- a) 1% to 5%
- b) 6% to 10%
- c) 11% to 20%
- d) 21% to 30%
- e) 31% to 40%
- f) 40% to 50%
- g) Over 50%

14. On average how much is the value of the remittances you send Tanzania per year?

- (i) £100- £200
- (ii) £201 - £500
- (iii) £501 - £1,000
- (iv) £1,000-5,000
- (v) Over £10,000

15. How are these remittances used in Tanzania:

- (i) To sustain daily basic needs such as food, water, clothes, medication/treatments
- (ii) For social occasions (e.g. happy time such as wedding, social parties)
- (iii) For emergency (e.g. death/funeral or illness)
- (iv) For critical times (due drought, or social unrest in the society)
- (v) Economical/ developmental activities (e.g. building hospitals/health centres),and schools.)
- (vi) Others.....(please specify)

16. How do you normally send cash remittances?

- (i) By bank
- (ii) By formal money transfer companies such as Western Union, Money-Gram
- (iii) Through courier
- (iv) Through a family members/ friend travelling to Tanzania
- (v) Other methods (please specify) .....

17. Why do you prefer the above sending method/service?

.....

18. To what extent do you feel that remittances you send to Tanzania help to improve the quality of life back home (e.g. reducing poverty?)

- (i) A lot
- (ii) A fair amount
- (iii) Just to some extent
- (iv) Not know
- (v) Not at all

19. What, if anything, prevents remittances in improving the quality of life in Tanzania?

.....  
.....

20. What do you feel could be improved with making remittance usage most effective?

THANK YOU VERY MUCH FOR COMPLETING THIS SURVEY.  
I APPRECIATE YOUR TIME, EXPERIENCES AND OPINION.

## Appendix 4

### Questions Schedule: Focus Group Discussions

Participants have been selected because they are purposive, although not necessarily a representative sampling of a specific population. The criterion is that participants will have something to say on the topic (their perceived role of remittances on poverty reduction in Tanzania). Participants have been selected from the Tanzanian diaspora community who attend a community center in Leicester and they have been asked to nominate others (snowball) to take part in the study.

The focus group will consist of six sessions of approximately 10 participants for each session. The group will not be homogeneous. The participants will be selected regardless of their gender, ethnicity, religion or education or duration of living in the UK.

The focus group will be conducted in six sessions which will last for about 45 minutes.

#### Schedule /Questions

##### 10 MINUTES OPENING

- Introducing myself, welcome the Group and introduce the purpose and context of the focus group.
- participants to introduce themselves (name, where they are originally from, how long they have been in the UK)
- Brief explanation of confidentiality (i.e., who will get access to their answers and how their answers will be analysed) the intention is to get informed consent.

##### 25 MINUTES GUIDE QUESTIONS

**QN. 1** What do you generally understand about remittances

**QN 2** Why do you send remittances to Tanzania?

**QN 3** What do you normally send?

**QN. 4.** How do you send remittances to Tanzania?

**QN. 5** To whom do you normally send remittances to?

**QN. 6** How frequently do you send remittances to Tanzania?  
it once a week? a month? or every six month? or yearly?

**QN.7** Are there any difficulties/problems that you are facing on sending those remittances?

**QN. 8** In your view, what needs to be done to make remittances more effective on reducing poverty in your family/ community/country?

(i) How do remittances you have sent help to reduce poverty in Tanzania?  
(ii) Is there any differences in term of effectiveness and reliability between the remittances you have sent to your country and other assistances that people in Tanzania received from other sources such as Government or International organisations?

(iii) Is there anything that the UK government or Tanzania government can do to make remittances more effective in reducing poverty in Tanzania?

**10 MINUTES**

**CLOSING SESSION**

Thanks participants and ask if there is any question

## **Appendix 5**

### **Brief/ Debrief**

#### **Brief – oral explanation to each group/individual person.**

My name is Asmahan Mssami Msuya. I am a PhD student at the University of Derby. I am researching the views of Tanzanian diaspora regarding remittances.

I would like to ask you some questions about remittances you are sending back to Tanzania/ your country of origin and their impact on reducing poverty.

I would like to record our discussion and take some notes where possible. However, let me assure you that your answer will be kept completely confidential, they will never be made public; and they will be safely destroyed after successful completion of this research.

I would also like you to know that you have a right to withdraw from this research at any time.

If you are happy to take part in this research kindly write your name and date below.

If you have any question/query please do not hesitate to contact me on my details above.

I am happy and I consent to take part in this research.

Name:

Date:

#### **Debrief- to be explained verbally after discussion**

I would like to inform you that at the end of this study, I will put on my Facebook account a summary of findings and analysis which will give a clear picture of what the researcher was investigating and how the information gather from yourselves have been used.

## Appendix 6

### Ethical Approval Form

**Request for ethical approval for research undertaken by staff, post-graduate research and post-graduate professional students**

Please submit your completed form to the chair of your college research ethics committee (CREC)

Your Name	ASMAHAN MSSAMI MSUYA	
College	Life and Natural Sciences	
College Research Ethics Committee		
Staff ID		
Student ID	100269937	
Unimail address	A.msuya@derby.ac.uk	
Programme name / code	PhD	
Name of supervisor(s)	Prof: Dina Abbott. Dr. Howard Fox	
<b>Title of proposed research study</b>		
The perceived and actual effects of remittances on poverty reduction and development in Tanzania – case study of Leicester-based Tanzanian diaspora.		
<b>Background information</b>		
Has this research been funded by an external organisation (e.g. a research council or public sector body) or internally (such as the RLTF fund)? If yes, please provide details.	NO	
Have you submitted previous requests for ethical approval to the Committee that relate to this research project? If yes please provide details.	YES I SUBMITTED THE ETHICAL APPROVAL TO THE COMMITTEE IN 2013.	

Are other research partners involved in the proposed research? If yes please provide details.	<b>NO</b>
<b>Signatures</b>	
<p>The information supplied is, to the best of my knowledge and belief, accurate. I clearly understand my obligations and the rights of the participants. I agree to act at all times in accordance with University of Derby Policy and Code of Practice on Research Ethics:  <a href="http://www.derby.ac.uk/research/uod/ethics/">http://www.derby.ac.uk/research/uod/ethics/</a></p>	
<b>Signature of applicant</b>	<b>A.M.M</b>
Date of submission by applicant	30 <sup>th</sup> October 2013 (resubmission 11/04/2016)
<b>Signature of supervisor (if applicable)</b>	<b>D. Abbott</b>
Date of signature by supervisor (if applicable)	11/04/2016
<p><u>For Committee Use</u>    Reference Number (Subject area initials/year/ID number)    .....</p> <p>Date received    11/04/16                      Date considered    22/04/16  Committee decision    Modify; this version now approved    Signed    HRollinson 28/04/16</p>	

### **1. What is the aim of your study? What are the objectives for your study?**

The overall aim of this study is to explore the perceived effects of remittances on poverty reduction in Tanzania from the viewpoint of Leicester-based Tanzanian diaspora and the actual effects of remittances from the remittance receivers' viewpoint.

The objectives of this research are:-

- To explore the motives for sending remittances to Tanzania.
- To explore the perceptions of a Leicester-based diaspora of the way in which the remittances are used and how they affect poverty reduction and development in Tanzania.
- To investigate the actual use of remittances by families in Tanzania who receive remittances from Leicester, UK.
- To compare the perceived effect of remittances on poverty reduction from the Leicester-based diaspora viewpoint with remittance receivers' viewpoint.
- To explore types of remittances the diaspora send from Leicester to Tanzania, the channels of sending and problems faced in sending and receiving remittances.

### **2. Explain the rationale for this study (refer to relevant research literature in your response).**

Whilst many studies (such as Hansen, (2012), Mercer et al., (2008)) have been carried out in Tanzania, but these studies do not contrasting views of the remittance givers (diaspora) and the remittance receivers. Therefore many of these studies do not compare the reality and the perceived effects of remittances in Tanzania.

This research sets out to investigate the extent to which the reality of development and poverty reduction matches with perceptions on the impact of remittances sent by the Tanzanian diaspora in Leicester, UK. Data are collected from three case studies (i) the Leicester-based Tanzanian diaspora (ii) remittances receivers in Tanzania, and (iii) the Tanzania Government institutions and other officials.

The literature about diaspora focuses mainly on its origin. Cohen (1997), for example, stressed that it originated from the Ancient Greeks, other scholars such as Shuval (2000) highlighted that it derived from the Jewish dispersal.

Other pioneering writers within the black discourse such as Mohan (2002), and Hall (1990) have offered a definition of diaspora which basically stressed the 'dispersal' of people from an original

homeland often traumatically.

This can happen as a result of expansion from a homeland in cause of disruption/ or forced labour, search of work, in pursuit of trade, or to further colonial ambitions. African diaspora here are often seen as 'victim diaspora' formed as a result of tension and conflicts (slavery). The contemporary diaspora theorists (such as Sheffer (2003), Koser (2003)) have argued that these views mask the diversity of experiential subjectivities that are affected by global process.

The initial findings of my research which suggest that many Tanzanian diaspora in Leicester came into the UK as students or professionals who then formed a core form which Tanzanian diaspora expanded and consolidate. This means that migration for education or professional advancement has transmute into family reunion as households form and become established. Apart from those who arrived as students and/or family reunion, there are others who arrived as seamen and /or businessmen. Therefore diaspora should be considered not only in terms of tensions and conflicts (racial victimization, structural adjustment or economic factors), but also in terms of connections, influences, mergers and exchanges' such as globalisation and its dimensions (Koser, (2003)).

As far as remittances – poverty alleviation nexus is concern, a vast literature (Ratha et al., 2012. Conversi, 2012) argues that remittances to least developed countries (LDCs) are of positive benefit in the socio-economic development of diaspora' countries of origin. Ratha et al., (2012), for example, argue that remittances send to Sub- Saharan Africa and to Asia help to reduce the level, depth, and severity of poverty in most of developing countries by promote economic growth through direct effects on savings and investment (human and physical capital) and indirect effects through consumption.

The studies such as that of Mercer et al., (2008) also show that international remittances sent to Tanzania have increased consumption of migrant households and generate multiplier effects because when the recipient families increase their household consumption on local goods and services that in turn benefit other members of the community through the increase in demand which stimulates local production.

Nevertheless, the commonly held belief that remittances are beneficial to development and poverty reduction in receiving countries is currently being questioned. For example, Hansen (2012), Mohan (2002) have argued that remittances may have a negative impact such as

through increasing inequality and dependency.

It is therefore, important to establish more clearly whether or not remittance have a positive impact on development and poverty reduction in Tanzania. In addition, it is important to establish the motives behind remitting and investigating the factors affecting the perception of remittance givers- (the Leicester-based Tanzanian diaspora) and the effectiveness of those remittances in increasing development and reducing poverty in Tanzania.

This research has include factors such as diaspora ethnicity, duration of stay of diaspora in the host country, generational contrasts and geographical origin, which has the potential to additional insight to existing literature. For example, in the initial findings of this study the respondents have mentioned that they do not remit based only on altruistic reasons, but they remit as the result of implicitly contact and informal loan repayments as well. Those from wealthier family they said they remit for investment and/or exchange motives and/or inheritance motives (i.e., to maintain good relation with their family members).

Therefore there still a need to investigate as to whether remittances sent to Tanzania help to reduce poverty and bring development (from both remittance senders and remittance receivers view points) or are simply an indicative of positive correlation between diaspora and their family members back home.

## **REFERENCES**

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### **3. Provide an outline of your study design and methods.**

This study adopts an inductive research design, which is the approach concerned with the generation of new theory emerging from the data. The advantage of using inductive approach in this study is its ability in establishing the possibility of what a researcher will encounter. Therefore, the strength of inductive reasoning lies in establishing probability.

Both case study and Grounded Theory have been adopted as methodologies of data collection.

Data will be collected from three case studies:

- iv) the Leicester-based Tanzanian diaspora (case study 1),
- v) people in Tanzania receiving remittances from Leicester (case study 2)
- vi) Tanzania Government institutions and officials, e.g. Bank of Tanzania (case study 3)

- For case study 1 - the Leicester-based Tanzanian diaspora a combination of both quantitative (survey questionnaires) and qualitative (focus groups) methods of data collection will be used in a complementary way. The rationale for this triangulation is to bring a more representative and in-depth case elaboration and to help in generalizability of data, (Denscombe, 2010).
- Data collection method for case study two and three is semi-structured interviews. This method of data collection allows an exploration of issues in depth way through verbal communication between the researcher and participants, (Denscombe, 2010).

An adaptation of grounded theory has, therefore, allowed the researcher to use 'thematic content analyses' as method for data analysis.

Quantitative data will be analysed by computer programme such as Excel and SPSS (Statistical Package for the Social Sciences) because these computer programs are particularly well-suited to survey research they can be used for data entry and analysis such as creation of tables and graphs.

**4. If appropriate, please provide a detailed description of the study sample, covering selection, and sample profile, recruitment and inclusion and exclusion criteria.**

**Case Study 1- Leicester-based Tanzanian diaspora** (whose perceptions are the main focus of this research)

**Qualitative Research.** The case study will utilize semi-structured participatory focus group interviews. There will be a series of focus groups of approximately 10 participants in each of 6 sessions because smaller groups are easier to recruit and host. They will give opportunity to each participant to share ideas and it will produce more in-depth insights of the topic under study. Denscombe, (2010) argues that whilst one to two sessions of focus groups could be too low to produce valid representative result, six sessions with the maximum of 10-12 participants are ideal especially if the purpose of the study is to gain understanding of people's attitudes/ experiences. Participants for the focus groups will be selected from the Tanzanian diaspora community who attend a community centres in Leicester.

**Quantitative Research.** This study will use web-survey questionnaire as a main mode to quantitative data collection. The advantage of using this mode is its ability to provide access to large population with low cost. The Tanzanian diaspora population is not visible in national statistics and census records because they are categorized in total figures on ethnic minorities. In reality, Tanzanian heritage may be European, Asian or Black African. Therefore, it may be difficult to reach this sub-population by using traditional approaches such as mail, or door- to door survey. To identify those specifically living in Leicester, on-line resources will be used which are increasingly adopted to provide rich information for the social sciences. For example, seven Tanzanian diaspora community groups which have more than 700 users have already been identified through social networking sites including Facebook. These will be used together with records from the community centres/ organizations in Leicester to further identify the sample for the study.

In order to collect a sample which is statistically representative of the Leicester-based Tanzanian diaspora population stratified random sampling techniques will be adopted to investigate various relevant factors such as generational contrasts, gender, ethnicity or geographical origin in Tanzania (e.g. urban/rural). A sample of approximately 300 to 500 members of the Leicester based Tanzanian diaspora will be collected and asked to complete a questionnaire. In order to boost the response rates the questionnaire will be available both in English and Swahili. In addition, participants will be able to respond in different ways. For

example, the respondents will be able to submit completed questionnaires via a link on Facebook or email. Alternatively, for those respondents who may not be comfortable with filling in an online questionnaire a hardcopy will be provided with a pre-paid envelope or a telephone or face to face survey will be conducted. This use of a mixed-mode survey methodology should help to guard against a low response rate, Denscombe (2010). A 10% representative pilot study will be carried out. The pilot questionnaire will then be checked for any amendments/improvements and feasibility of techniques that will be used in the full-scale survey assessed.

**Case study 2: Receivers in Tanzania.** Arising from the focus group and questionnaire surveys remittance receivers in Tanzania will be identified and specific remittances sent out to families or others community groups in rural and urban areas of Tanzania will be tracked. For this case study, semi-structured interviews as a method of data collection will be used as it is a flexible technique and allows a natural involvement. Participants will be able to share their stories freely, and the researcher may be able to reveal more about the participants' experiences in relation to the remittances they receive from the UK. (I.e. remittances used for long term family welfare, education, and entrepreneurship).

**Case study 3: Tanzanian Government officials.** Both primary and secondary data will be collected.

Primary data will be captured using semi-structured interviews with government officers who are involved in monitoring international remittances from UK to Tanzania. This primary data will provide first hand evidence of how remittances are used and may also authenticate what is already documented in published reports and secondary data provided by institutions. Statistical and non-statistical secondary data from specific reports including those prepared by International Organisation for Migration (IOM) on remittances that are specifically for Tanzania; and from other institutions such as the Ministry of Planning and Development, the Ministry of Home Affairs, Ministry of Foreign Affairs, the Bank of Tanzania and other institutions /organisations involved in poverty reduction and remittances in Tanzania (e.g. REPOA - Research on Poverty Alleviation, and TEDA -Tanzania Entrepreneurs Development Association) will be reviewed.

The assessment of the effectiveness usage of remittances in comparison to perceived usage will be assessed through a series of development and poverty alleviation indices and criteria adapted from existing development measures such as how many helped through education, how many enterprises and how many welfare services (e.g. clinics, immunization) established and how many receivers have been able to manage everyday life.

**5. Are payments or rewards/incentives going to be made to the participants? No**  
**If so, please give details.**

**6. Please indicate how you intend to address each of the following ethical considerations in your study. If you consider that they do not relate to your study please say so. Guidance to completing this section of the form is provided at the end of the document.**

**a. Consent**

The researcher will ensure that participants give their consent to participate on this research prior to data collection. Full details about the aim of the research, how the collected data is to be used and how participants can withdraw from the investigation should they choose to do so will be provided to all participants prior to signing the informed consent form. The researcher will ensure that the participants understand that all financial or other information will be handled sensitively and in confidence.

**b. Deception**

The research ensures that there is no any kind of deception, distraction, or false misleading information given to participants.

**c. Debriefing**

The researcher is giving al debrief all participants at every stage of this research. Where possible the researcher will send a summary of findings that show how the information given has been used.

**d. Withdrawal from the investigation**

The researcher will inform all participants that they have the right to withdraw at any time without giving reason for their decision.

**e. Confidentiality**

Participant confidentiality and anonymity will be maintained throughout the time of this research except where written permission is obtained prior to the research being carried out. All information will be treated as confidential and will be locked away securely and/or encrypted.

However, participants will be informed that where necessary information given may be disclose if that information is contravenes the law either in Tanzania or in the United Kingdom. For example if the method of transfer remittance (e.g. money) Leicester, UK to Tanzania is controversial to the UK or Tanzania law this will be reported to the appropriate authorities.

**f. Protection of participants**

Participants will be informed that all information given will remain anonymous throughout the study. Participants' names, and other things that can lead to the identification of people such as job title, length of services, and nick names used by online service users (e.g. Facebook users) will not be disclosed to anyone or included in the study report. Therefore, all information collected from all participants and participants in on online survey will not be linked in any way to the individual.

**g. Observation research**

**NOT APPLICABLE**

**h. Giving advice**

The researcher will not give any advice to the participants, if the need arise the researcher will refer participants to suitably qualified and appropriate professionals.

**i. Research undertaken in public places**

**NOT APPLICABLE**

**j. Data protection**

The researcher will ensure all information collected are protected in accordance with the Data protection Act and any other legal issues are addressed and clarify well-in- advance prior to data collection.

**k. Animal Rights**

**NOT APPLICABLE**

<p><b>I. Environmental protection</b>  <b>NOT APPLICABLE</b>  <b>Are there other ethical implications that are additional to this list? No</b></p>										
<p><b>7. Have / do you intend to request ethical approval from any other body/organisation? No</b>  <b>If 'Yes' – please give details</b></p>										
<p><b>8. Do you intend to publish your research? No</b>  <b>If 'Yes', what are your publication plans?</b></p>										
<p><b>9. Have you secured access and permissions to use any resources that you may require?</b>  <b>(E.g. psychometric scales, equipment, software, laboratory space). No</b>  <b>If Yes, please provide details.</b></p>										
<p><b>10. Have the activities associated with this research project been risk-assessed? No</b></p>										
<p><b>Which of the following have you appended to this application?</b></p> <table border="0"> <tr> <td><input type="checkbox"/> Focus group questions</td> <td><input type="checkbox"/> Psychometric scales</td> </tr> <tr> <td><input type="checkbox"/> Self-completion questionnaire</td> <td><input type="checkbox"/> Interview questions</td> </tr> <tr> <td><input type="checkbox"/> Other debriefing material</td> <td><input type="checkbox"/> Covering letter for participants</td> </tr> <tr> <td><input type="checkbox"/> Information sheet about your research study</td> <td><input type="checkbox"/> Informed consent forms for participants</td> </tr> <tr> <td><input type="checkbox"/> Location consent form</td> <td><input type="checkbox"/> Other (please describe)</td> </tr> </table>	<input type="checkbox"/> Focus group questions	<input type="checkbox"/> Psychometric scales	<input type="checkbox"/> Self-completion questionnaire	<input type="checkbox"/> Interview questions	<input type="checkbox"/> Other debriefing material	<input type="checkbox"/> Covering letter for participants	<input type="checkbox"/> Information sheet about your research study	<input type="checkbox"/> Informed consent forms for participants	<input type="checkbox"/> Location consent form	<input type="checkbox"/> Other (please describe)
<input type="checkbox"/> Focus group questions	<input type="checkbox"/> Psychometric scales									
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<input type="checkbox"/> Other debriefing material	<input type="checkbox"/> Covering letter for participants									
<input type="checkbox"/> Information sheet about your research study	<input type="checkbox"/> Informed consent forms for participants									
<input type="checkbox"/> Location consent form	<input type="checkbox"/> Other (please describe)									

**PLEASE SUBMIT THIS APPLICATION WITH ALL APPROPRIATE DOCUMENTATION**

## **Advice on completing the ethical considerations aspects of a programme of research**

### **Consent**

Informed consent must be obtained for all participants before they take part in your project. The form should clearly state what they will be doing, drawing attention to anything they could conceivably object to subsequently. It should be in language that the person signing it will understand. It should also state that they can withdraw from the study at any time and the measures you are taking to ensure the confidentiality of data. If children are recruited from schools you will require the permission, depending on the school, of the head teacher, and of parents. Children over 14 years should also sign an individual consent form themselves. If conducting research with children or vulnerable adults you will normally also require Disclosure and Barring Service (DBS) clearance. Research to be carried out in any institution (prison, hospital, etc.) will require permission from the appropriate authority.

### **Covert or Deceptive Research**

Research involving any form of deception can be particularly problematical, and you should provide a full explanation of why a covert or deceptive approach is necessary, why there are no acceptable alternative approaches not involving deception, and the scientific justification for deception.

### **Debriefing**

Debriefing is a process of reflection once the research intervention is complete, for example at the end of an interview session. How will participants be debriefed (written or spoken feedback)? If they will not be debriefed, give reasons. Please attach the written debrief or transcript for the oral debrief. This can be particularly important if covert or deceptive research methods are used.

### **Withdrawal from investigation**

Participants should be told explicitly that they are free to leave the study at any time without jeopardy. It is important that you clarify exactly how and when this will be explained to participants. Participants also have the right to withdraw their data in retrospect, after you have received it. You will need to clarify how they will do this and at what point they will not be able to withdraw (i.e. after the data has been analysed and disseminated).

### **Protection of participants**

Are the participants at risk of physical, psychological or emotional harm greater than encountered ordinary life? If yes, describe the nature of the risk and steps taken to minimise it.

### **Observational research**

If observational research is to be conducted without prior consent, please describe the situations in which observations will take place and say how local cultural values and privacy of individuals and/or institutions will be taken into account.

### **Giving advice**

Students should not put themselves in a position of authority from which to provide advice and should in all cases refer participants to suitably qualified and appropriate professionals.

### **Research in public places**

You should pay particular attention to the implications of research undertaken in public places. The impact on the social environment will be a key issue. You must observe the laws of obscenity and public decency. You should also have due regard to religious and cultural sensitivities.

## **Confidentiality/Data Protection**

You must comply with the Data Protection Act and the University's Good Scientific Practice <http://www.derby.ac.uk/research/policy-and-strategy> This means:

- It is very important that the Participant Information Sheet includes information on what the research is for, who will conduct the research, how the personal information will be used, who will have access to the information and how long the information will be kept for. This is known as a 'fair processing statement.'
- You must not do anything with the personal information you collect over and above that for which you have consent.
- You can only make audio or visual recordings of participants with their consent (this should be stated on the Participant Information sheet)
- Identifiable personal information should only be conveyed to others within the framework of the act and with the participant's permission.
- You must store data securely. Consent forms and data should be stored separately and securely.
- You should only collect data that is relevant to the study being undertaken.
- Data may be kept indefinitely providing its sole use is for research purposes and meets the following conditions:
  - The data is not being used to take decisions in respect of any living individual.
  - The data is not being used in any which is, or is likely to, cause damage and/or distress to any living individual.
- You should always protect a participant's anonymity unless they have given their permission to be identified (if they do so, this should be stated on the Informed Consent Form).
- All data should be returned to participants or destroyed if consent is not given after the fact, or if a participant withdraws.

## **Animal rights.**

Research which might involve the study of animals at the University is not likely to involve intrusive or invasive procedures. However, you should avoid animal suffering of any kind and should ensure that proper animal husbandry practices are followed. You should show respect for animals as fellow sentient beings.

## **Environmental protection**

The negative impacts of your research on the natural environment and animal welfare, must be minimised and must be compliant to current legislation. Your research should appropriately weigh longer-term research benefit against short-term environmental harm needed to achieve research goals.

## Appendix 7

### An example of SPSS Data input for this Study

Gender.	Age.	Education.	Duration.	Amount.	Place of birth.	Employment
1	2	2	2	1	1	2
1	2	2	3	2	1	2
1	3	3	4	2	2	3
1	2	1	1	3	2	1
2	3	3	4	2	1	3
1	3	2	3	4	1	3
1	3	3	3	4	2	2
1	3	3	2	3	2	3
2	3	2	4	4	2	2
2	3	2	4	2	2	2
1	3	2	1	4	2	1
1	2	1	1	3	2	1
1	2	2	1	2	2	3
1	3	1	1	4	2	3
1	2	3	2	4	1	2
1	1	1	1	2	1	3
2	3	2	4	3	2	3
1	1	2	1	2	2	3
1	2	2	1	4	2	1
2	2	1	2	3	2	3
2	3	1	2	3	2	3
2	3	1	2	2	2	3
1	2	1	3	4	2	2
1	3	2	3	4	2	2
2	3	2	4	2	2	3
2	3	3	4	2	2	2
1	2	1	2	3	2	2
1	3	3	1	4	2	3
1	3	3	1	4	2	3
2	2	2	3	3	2	2
1	3	2	1	4	2	3
1	2	1	2	2	2	1
1	3	1	2	1	2	1
2	3	2	3	1	2	2
1	3	3	4	1	2	3
1	3	3	2	3	2	1
2	3	2	2	2	2	5
2	2	2	3	2	2	2
2	2	2	4	2	1	2
1	2	3	3	3	2	1
1	1	2	2	4	1	3

1	3	2	4	2	2	3
1	3	2	4	4	2	3
1	3	3	4	4	2	2
1	3	3	3	3	2	2
1	3	2	4	2	2	3
1	3	3	4	1	2	2
1	3	2	4	4	2	2
1	2	3	2	3	2	1
1	1	3	1	4	2	1
2	2	2	2	3	2	2
1	3	1	1	4	2	1
1	2	2	2	3	2	1
2	3	2	2	2	2	3
2	2	1	1	1	2	2
2	3	2	2	2	2	3
2	2	2	3	2	2	3
2	2	2	3	2	2	2
2	3	2	4	2	2	2
2	3	2	3	2	2	2
2	3	2	4	1	2	1
1	3	3	1	2	2	3
1	3	3	3	2	2	3
1	3	2	4	3	2	3
2	3	3	4	2	2	2
2	1	3	1	3	2	2
2	2	2	3	2	2	3
2	3	2	4	2	1	2
1	3	2	4	3	2	3
1	3	2	2	4	2	3
1	3	3	4	2	2	1
1	2	3	1	4	2	1
1	2	3	2	2	2	1
1	2	3	1	4	2	1
2	2	3	4	4	2	1
2	2	3	4	3	2	3
2	2	1	3	2	2	2
1	1	2	3	2	2	3
1	2	2	3	3	2	2
2	2	3	2	2	2	1
1	3	2	4	1	2	3
2	2	2	4	1	2	2
1	3	2	3	1	2	2
1	3	3	4	2	2	1
1	3	2	4	3	2	3
1	3	2	3	2	2	2
1	3	2	4	3	2	3
1	3	3	3	2	2	2
2	3	1	2	3	2	2
2	3	2	3	2	2	3
2	2	2	4	1	2	2
2	3	3	4	1	2	2

2	3	3	3	1	2	2
2	3	2	4	1	2	1
2	3	3	1	3	2	3
2	2	3	2	2	2	3
2	1	2	2	2	2	3
1	2	3	2	2	2	1
2	3	2	4	2	2	3
2	3	3	4	2	2	2
1	3	3	3	2	2	2
1	3	3	4	2	2	1
1	2	3	1	3	2	3
1	3	1	1	3	2	3
1	2	2	3	2	2	1
2	3	2	4	2	2	2
2	3	2	4	2	2	2
2	3	2	4	2	2	3
1	3	2	3	2	2	1

PHD gns DATA 2\HRF051113.sav GENDER AGE AMOUNT EMPLOY.sav (DataSet5) - IBM SPSS Statistics Data Editor

File Edit View Data Transform Analyze Direct Marketing Graphs Utilities Add-ons Window Help

1: Gender 1 Visible: 7 of 7 Variables

	Gender	Education	Duration	Amount	age	place	Employ	var											
1	1	2	2	2	11	2													
2	1	2	2	3	21	2													
3	1	3	3	4	22	3													
4	1	2	1	1	32	1													
5	2	3	3	4	21	3													
6	1	3	2	3	41	3													
7	1	2	2	3	22	3													
8	1	2	3	3	42	2													
9	1	3	3	3	42	2													
10	1	3	3	2	32	3													
11	2	3	2	4	42	2													
12	2	3	2	4	22	2													
13	1	3	2	1	42	1													
14	1	2	1	1	32	1													
15	1	2	2	1	22	3													
16	1	3	1	1	42	3													
17	1	2	3	2	41	2													
18	1	1	1	1	21	3													
19	2	3	2	4	32	3													
20	1	1	2	1	22	3													
21	1	2	2	1	42	1													
22	2	2	1	2	32	3													
23	2	3	1	2	32	3													
24	2	3	1	2	22	3													
25	1	2	1	3	42	2													
26	1	3	2	3	42	2													
27	2	3	2	4	22	3													
28	2	3	3	4	22	2													
29	1	2	1	2	32	2													
30	1	3	3	1	42	3													
31	1	3	3	1	42	3													
32	2	2	2	3	32	2													
33	1	3	2	1	42	3													
34	1	2	1	2	22	1													
35	1	3	1	2	12	1													
36	2	3	2	3	12	2													
37	1	3	3	4	12														

Data View Variable View

IBM SPSS Statistics Processor is ready Unicode ON

17:55 30/03/2016

**Appendix 8**  
**An example of the Use of Remittances in Education in Tanzania**

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## **Appendix 9**

### **Difference between Public and Private Schools in Tanzania**

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