

Assessing the relationship between migrant remittances, entrepreneurship development, and household food security in Mzuzu, Malawi

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The context and research problem

- Remittance and Development
 - Huge source of money to LMICs: 529 billion USD in 2018 (World Bank, 2019)
 - Significant impact on alleviating poverty
 - Channeling remittances into productive investments is a challenge
- Remittances and Food Security
 - Important but very little explored (Crush, 2013; Crush & Caesar, 2017)
 - Remittances mostly used for buying food (Crush, 2013)
- Urban Food Security
 - More people living in urban areas
 - Urban poverty: emerging challenge
 - Urban poor are prone to food insecurity

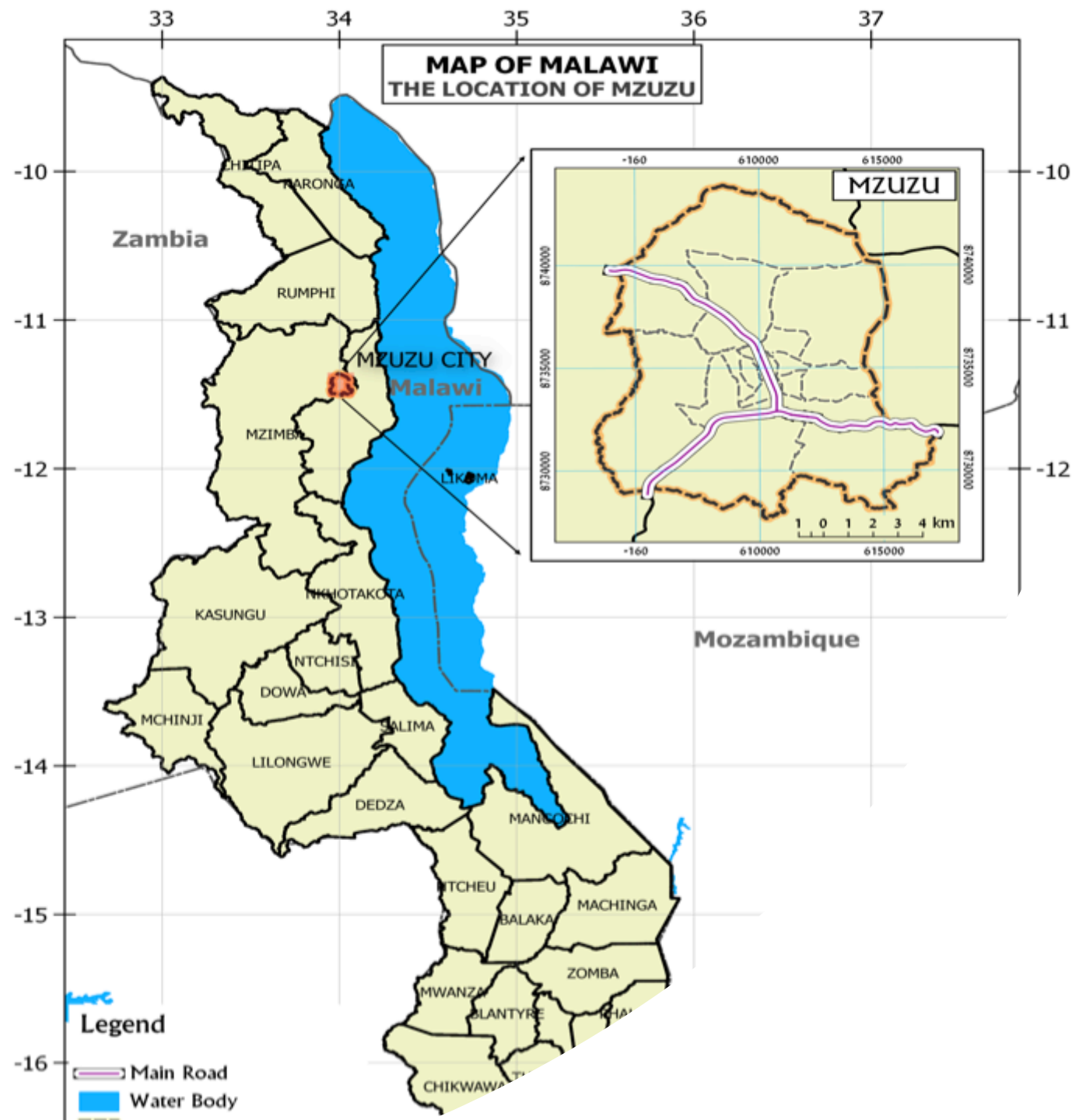
Malawian context

- Long history of migration from the northern part of Malawi
- Remittances 38 million USD in 2017 (World Bank, 2018)
- Increasing urban population and urban poverty

Mzuzu

- 48.3% people live in urban informal settlements (UN-HABITAT, 2011)
- 34% living in poverty (UN-HABITAT, 2011)
- Population growth rate 4% (UN-HABITAT, 2011)

Map of Malawi and Mzuzu City

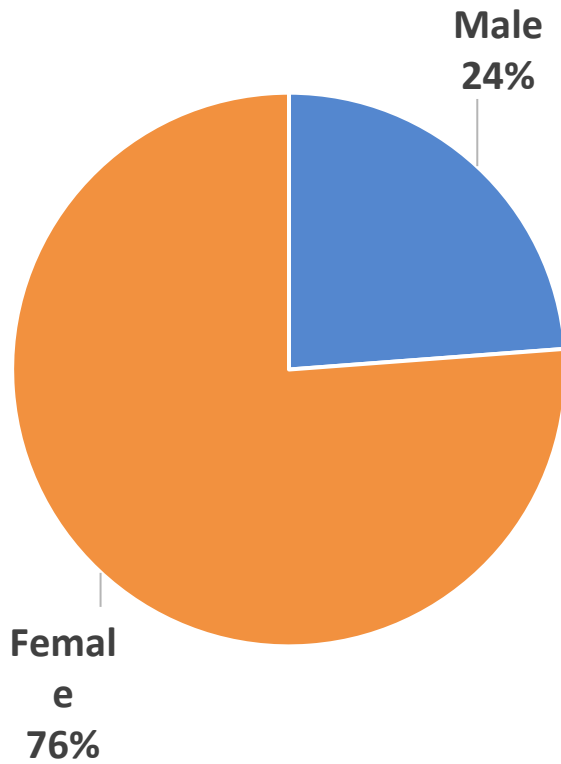


Methodology

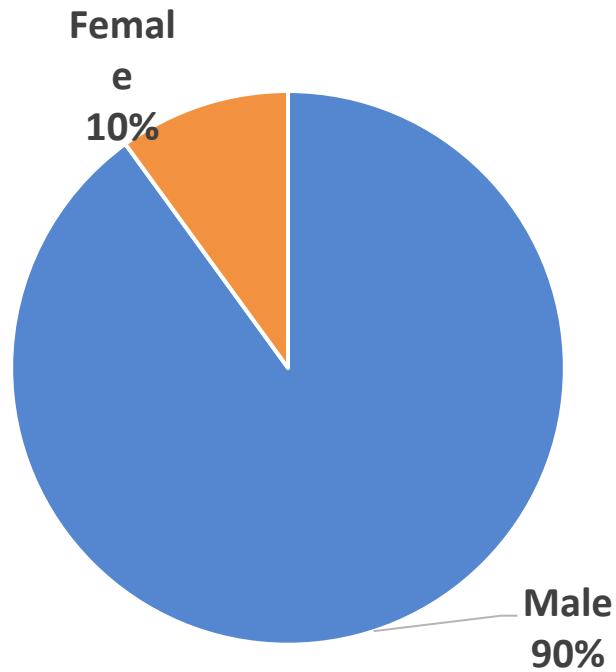
- Mixed methods approach
- Data collection
 - Snowball sampling
 - 12 informal settlements
 - In-depth semi-structured interviews with 41 migrant households and 10 returnee migrants
 - 37 Key informants' interviews

Respondents by gender

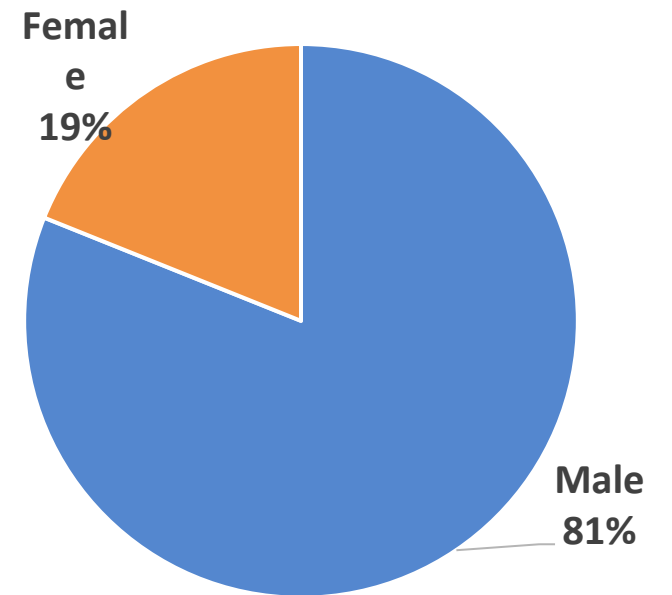
Migrants' Households



Returnee Migrants



Key informants



Preliminary findings

- Remittances mostly spent on building/renovating houses, paying school fees, buying food, and paying utility bills.
- Over one-third (36%) of migrants' families were depending on remittances to buy farm inputs-fertilizer.

Preliminary findings: Most frequent words on remittance use

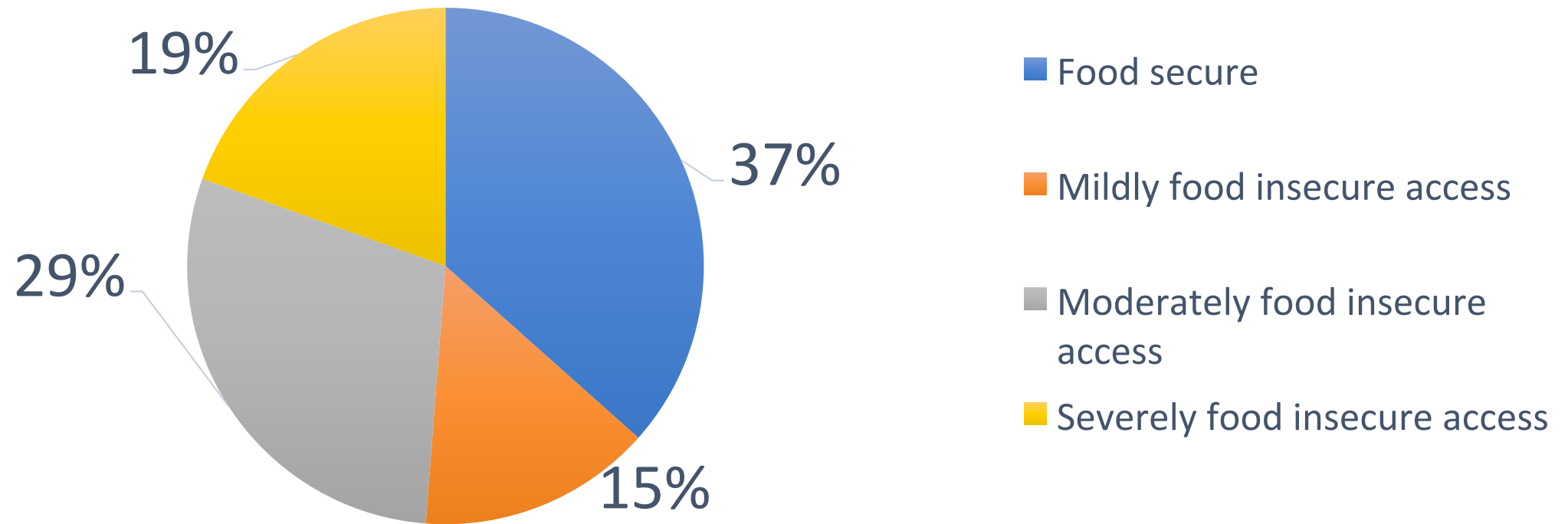
(NVIVO generated)

Word	Length	Count	Weighted Percentage	Similar Words
School fees	6	40	2.04%	school, schooling
Food	4	39	1.99%	food, foods
House (building, renovating)	5	33	1.69%	house, houses, housing
Utility bills	5	26	1.33%	bill, bills
Business	8	24	1.23%	business, businesses
Investment	10	24	1.23%	invest, invested, investing, investment, investments
electricity	11	22	1.12%	electricity
water	5	22	1.12%	water
Fertilizer	10	18	0.92%	fertilizer, fertilizers

Preliminary findings

- 95% migrants were irregular.
- 7% migrants left their businesses and decided to migrate
- 30% of the returnee migrants used their skills to start a business.
- Entrepreneurial migrants returned with goods and equipment from South Africa for their intended business in Malawi

Migrant households: Household Food Insecurity Access Prevalence (HFIAP)



Out of 41, 8 households were found severely food insecure. Seven of them had annual remittance income below 300000 MK (USD 409)

Comparison with CUP2 findings, Mzuzu

HFIAP Conditions	Migrant households (%)	*CUP2 Households (%)
Food secure	37	28
Mildly food insecure	15	12
Moderately food insecure	29	15
Severely food insecure	19	45

*Source: Riley et al., 2018

Challenges for remittance investment

- Lack of motivation and support available for returnee migrants
- Lack of financial literacy: only one out of 41 households had the record of the amount received in past 12 months.
- Access to loan: Accessing loan is very difficult and the interest charged is very high.
 - If you receive a loan of 100,000 MK (136 USD) from FINCA, you have to pay back 129,600 (177 USD) in 6 months—21,600 MK monthly installment. (almost 60% interest)

Challenges for remittance investment

- High tax
 - *Returnee migrant 9: "The customs charge is very expensive. For instance, for the goods of one million, they can charge you 500,000 to 600,000 MK. Whereas your profit may be only 600,000 or 700,000 Mk.so sometimes when you get a chance there to pay, may be, a bribe of 100,000 or 50,000, just do that.so the government is loosing a lot of money just because of high charge"*

My reflections

- *The most common phrases I heard during my interview:*
 - Most of the people believe in **White collar jobs**: *work in office settings*
 - Remittances are just **hand to mouth**
- People fear getting loans from the micro-finance institutions and commercial banks.
- Migration and migrants' issues are almost neglected by the government
- Migrant families- Lack of understanding about the importance of remittance investments to expand their income source.



Families receiving the packages in Mzuzu sent by their relatives working in South Africa.



Money receiving booth



People visiting Immigration office for passport.



A shop of a returnee migrant

Thank you

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15 most frequent words found on remittance use

Word	Length	Count	Weighted Percentage	Similar Words
remittances	11	65	3.32%	remittance, remittances
use	3	59	3.02%	use, used, uses, using
money	5	51	2.61%	money
buy	3	49	2.51%	buy, buying
School fees	6	40	2.04%	school, schooling
food	4	39	1.99%	food, foods
House (building, renovating)	5	33	1.69%	house, houses, housing
pays	4	30	1.53%	pay, paying, pays
fees	4	27	1.38%	fee, fees
Utility bills	5	26	1.33%	bill, bills
business	8	24	1.23%	business, businesses
investment	10	24	1.23%	invest, invested, investing, investment, investments
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