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A Critical Analysis of the Impact of Remittances on Public Finance in Zimbabwe: A Case Study of Tinde and Upper Dobola Areas of Binga

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Abstract

This study examines the impact of remittances on public finance in Binga, Zimbabwe, using Tinde and Upper Dobola as case studies. The Theory of Remittances and Economic Development and the Dependency theory were used as the theoretical framework of the study. A qualitative case study research design was used. The study had a target population of 160 people. A non-probability, purposive sampling method was used to select a sample of 30 respondents. Interviews and focus group discussions were used to gather empirical data. Findings from the study reveal that remittances offer resilience in the face of economic shocks, reduce poverty and enhance public finance through supporting local development projects. The study recommends the need for capacity building of local communities, increasing the flow of remittances through formal channels, reducing transaction costs of remittances and encouraging spending in formal markets to increase tax revenue.

Keywords

Remittances, Public Finance, Economic Development, Resilience, Markets, Revenue

1. Introduction

The study investigates the effects of remittances on public finance in Binga using Tinde and Upper Dobola as case studies. The aim of the research was to find out how remittances are used to finance development projects and public services, the difficulties associated with using remittances to enhance public finance and ways of making remittances more effective in efforts to stimulate local economic development and poverty reduction.

A qualitative research methodology was used for the study. A case study research design was chosen to understand how remittances affect public finance in Binga. Recipients of remittances, local government officials as well as other key stakeholders were engaged to capture remittance recipients' experiences, perceptions and behaviors. The target population for the study was 160 people who included members of the local community, village heads, representatives of local government, participants of the Diaspora Investment Fund, and representatives of financial institutions. A purposive sampling strategy was used to select a sample of 30 participants who had knowledge and experience of remittances and public finance. Semi-structured interviews were used to gather data from recipients of remittances, local government officials, financial service providers and the participants of the Diaspora Investment Fund. Furthermore, two focus group discussions (FGD) were conducted in Tinde and Upper Dobola to gather the people's collective views regarding the use of remittances. Records of remittance inflows from local financial institutions in the study were used to validate the primary data gathered from the field research.

Informed consent was sought from the respondents, and they were also informed that their participation in the research was voluntary, and they were free to withdraw any time if they felt they no longer wanted to continue. Participants were also assured of the confidentiality of their responses.

2. Background

Remittances have become a key source of economic resilience in Zimbabwe as it battles years of economic difficulties evidenced by the continued fiscal and macroeconomic challenges. According to the Minister of Finance and Economic Development, Professor Mthuli Ncube, in Zimbabwe diaspora remittances from January and September 2024 stood at US$1.9 billion, up 16.5 per cent from US$1.6 billion in the same period in the previous year. These inflows accounted for about 25% of the country's foreign currency earnings (Ecofin Agency, 2024). Zimbabwe's limited access to foreign credit, declining tax revenues and recurring economic crises (Sigamoney, 2020) make these inflows critical.

The Zimbabwean government has put in place measures to tap remittances as an instrument of economic development, including a Diaspora Bond aimed at raising finances from Zimbabweans in the diaspora to fund infrastructure and other national projects. The Minister of Finance and Economic Development said that remittances were a "critical source of foreign currency", which helps boost national reserves and improve household incomes. Furthermore, remittances were a key tool in coping with challenges in public finance and advancement of national development (RBZ, 2023; Ecofin Agency, 2023). Remittances not only help to support household income but also act as lifelines to communities.

The 2008 and 2019 economic crisis in Zimbabwe, which marked hyperinflation and severe drought demonstrated resilience against economic shocks through remittances. Households in Binga that received remittance were better positioned in terms of livelihoods. 70% of the participants testified that remittances helped them access health services as well as food security. 50% of participants reported loss of income and increased vulnerability. This shows how remittances Act as a buffer against economic shocks (Sibanda & Gumbo, 2019).

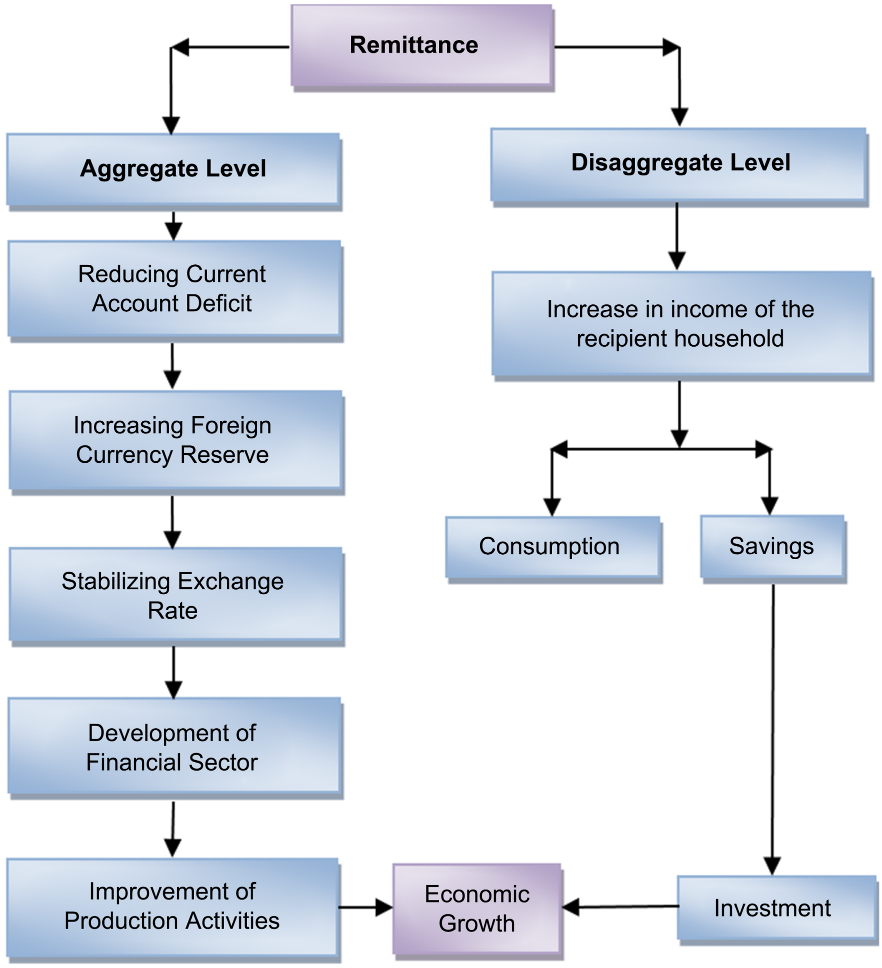
While remittances are important in sustaining livelihoods in Zimbabwe, their impact on public finance is underexplored, especially in rural areas like Tinde and Upper Dobola in Binga. These remittances are critical in rural Binga many households depend on them for livelihoods. However, the lack of targeted policies to channel these funds to public finance hinders their potential to address fiscal challenges such as infrastructure deficits and service delivery.

Studies on remittances in Zimbabwe have largely examined their effects on poverty alleviation, household consumption, and education while their broader implications for public finance, including whether they can complement government revenue, influence the delivery of public services and local development priorities have not been explored. There have been no comprehensive studies specifically looking at the nexus of remittances and public finance in Binga District. Hence this study aims to fill this gap by critically analyzing how remittances impact public finance in Binga, focusing on their role in addressing public finance constraints in rural communities, shaping policy development, and informing the local government strategies for their effective use. This research will also add to the broader academic debate on the relationship between remittances and public finance in developing countries.

3. Theoretical Framework

The Theory of Remittances and Economic Development, proposed by Lucas Stark (1985, 1986) asserts that remittances are an integral instrument of economic development, mostly in developing countries, highlighting that they function as altruistic transfers and as part of contractual agreements within families. These remittances act as a form of insurance, investment, or repayment for past support, thereby contributing to poverty reduction and increasing income, as well as increasing capital for schooling, healthcare and small businesses (Kakhkharov & Rohde, 2020). The theory of remittance flows also notes their cyclical nature through which remitted money can stimulate the economies of the home countries, and improve living standards to such an extent that local economies develop new economic opportunities. (Adeseye, 2021). **Figure 1** presents the Theory of Remittances and Economic Development.

This theory has been advanced by other studies, in particular studies that have looked into ways in which remittances affect public finance. In the case of South Africa, Dube and Phethlo-Thekisho (2019) point out that, remittances are more beneficial to the household but ignore government revenues as remittance receiving areas are low on tax compliance. For instance, Durand et al. also argue that remittances can help to increase the financial stability and social capital, but could also lead to weakening of the government accountability and suppress the domestic tax collection. The study of remittances' impact on public finance in Zimbabwe can be useful with the application of this theory as it can help elucidate how inflows of remittances impact local economies and fiscal systems.



Source: Adeseye (2021).

Figure 1. Theory of remittances and economic development.

Furthermore, the study of remittances is embedded within the Dependency Theory, which argues that developing nations would remain underdeveloped due to their dependence on external financial flows, including remittances. These financial inflows are supposed to result in an economic growth cycle dependent on external sources of income rather than indigenous means of production (Frank, 2020). This theory positions remittances as short-term relief to household income and improving the living standards which may discourage local investment and weaken the government's ability to raise revenue via tax (Chimhowu et al., 2023). The reliance on remittances will divert economic focus from industrial and agricultural productivity and maintain economic stagnation of the receiving countries (Kapur, 2022).

The Dependency Theory posited by scholars such as Andre Gunder Frank

(1966) argues that global inequality is shaped by the economic dependence of developing countries on developed nations leading to migration from underdeveloped countries. This theory highlights that while remittances sent by migrants from developing countries can temporarily alleviate poverty, they may also perpetuate economic dependency, as these transfers do not address the underlying structural inequalities or promote long-term local development (Frank, 2020). This theory is therefore relevant in assessing the impact of remittances on public finance in developing countries, as recently pointed out by several studies. Ratha and De (2023) documented that, in sub-Saharan Africa, reliance on remittances was very high and this meant that fiscal capacities of countries decreased because households preferred to use remittances for consumptive purposes rather than productive economic activities. In Zimbabwe, remittances are a key source of household support, and the theory is a critical framework for examining whether remittances lead to economic resilience which impacts the effectiveness of public finance management and national development strategy.

4. Remittances in Zimbabwe

The role of remittances and public finance in Zimbabwe is multi-faceted and has become an increasingly important area of study. Garikai (2020) explores the effect of remittances on economic growth, poverty reduction and public finance management in Zimbabwe. Studies have shown that remittances have a positive impact on economic growth in Zimbabwe. Chigombe, Connick and Nyabunze (2024) pointed out that remittances are largely responsible for Zimbabwe's foreign exchange earnings which in turn help in promoting economic growth. Zimbabwe has progressed in strengthening systems in terms of public finance management but there are challenges. Historical economic crises such as hyperinflation in 2008 coupled with political instability led to outflow of skilled labour (Mukoka, 2020).

In Binga district, the outflow of labour became an adaptive strategy in a district already in the grip of extreme poverty and marginalisation. Remittances became a source of income for families back home. Informal channels through which remittances were sent due to mistrust of formal banking systems and high transaction costs exacerbated the challenges of integrating remittance flows into formal economy (Murapiro, Ping, & Mapisa, 2023). However, formalising these channels could improve local tax collection and fund community development initiatives thereby enhancing infrastructure development (Mahuyu & Makochekanwa, 2021).

According to the Zimbabwe Economic Update 2024, robust household remittance inflows have grown from US$ 1.2 billion in 2020 (or 5 percent of GDP) to 2.5 billion in 2024 (or 7 percent of GDP). This is consistent with Mbiba & Mupfumira (2022) who showed that remittances to Zimbabwe have increased steadily over the years. Zimbabwe saw a spike in diaspora remittances in 2024, which have doubled to US$1.9b from January to September 2024 from US$1.6b recorded in the same period in 2023, a 16.5 percent increase (RBZ, 2024). The remittances were worth 25 percent of the country's foreign currency earnings for the nine months, which totaled US$10 billion (RBZ, 2024). For many Zimbabwean households, remittances have become a major source of income, and therefore a crucial part of the local economy. Remittances are usually seen as private transfers to households, but their wider economic effects emerge when they are incorporated into the formal economy.

In the case of Binga, the integration of remittances into the formal financial system would potentially improve local tax collection and allow remittance funds to feed into community driven development projects (Mahuyu & Makochekanwa, 2021). It would also assist in further reducing poverty by filling in critical infrastructure gaps such as healthcare and education, which are big priorities for remittance recipients in the district. Remittances in Zimbabwe have been an important source of economic impact. Estimates indicate that remittances contribute 10 per cent of Zimbabwe's GDP (Nyikahadzoi et al., 2019). According to Mamvura, Sibanda & Rajaram (2024), remittances have stabilised the country's exchange rate in Zimbabwe, reducing the country's dependence on foreign aid.

The situation in Binga, in terms of remittances' impact on public finances and rural economic development, can be compared to other rural regions in Zimbabwe such as Gokwe and Zaka. While remittances have been found to play a significant role in poverty alleviation and local development across various rural areas in Zimbabwe, the specific socioeconomic conditions in Binga, such as its limited infrastructure and remoteness, may make the impact of remittances more pronounces in certain areas. An example of this show communities in the regions like Gokwe, which have better access to formal remittance channels, may experience different financial dynamics compared to Binga, where informal channels, may dominate. The disparity in infrastructure and access to financial services influence how remittances are utilized and whether they can be channelled into sustainable development projects. Comparative studies on the use of remittances across regions with varying economic conditions suggest that areas with limited formal financial infrastructure, such as Binga, rely more heavily on informal remittance channels, which may have different effects on public finance compared to areas with more access to formal services.

Remittances have both social and economic impact. Remittances enable people who access education and healthcare, especially children and older people, to have a better quality of education and health care (Chikwira, 2024). These have also helped improve food security in rural and urban areas in Zimbabwe (Chigombe, Connick, & Nyabunze, 2024). Remittances can also be a catalyst for long-term development via local enterprise and community projects investment. A large proportion of remittances is spent on projects such as small business undertakings and agricultural investments that are instrumental in safeguarding the economy (Maune, Matanda, & Chitombo, 2023). According to Nyikahadzoi et al. (2019), remittances can enable infrastructure development mainly in rural areas, including funding of improvements in core services such as water and sanitation. However, even though such contributions are positive, the predominance of informal remittance channels limits the potential for optimizing such contributions as indicated by Watambwa (2021). For that reason, formalizing these channels is important for increasing the economic potential of remittances and the sustainable integration of remittances into the local economy. Muzapu and Havadi (2021) discovered that remittances positively influence household income and poverty reduction in Zimbabwe. Like Mukoka and Nyamusa (2023), remittances greatly augment household income and the reduction of poverty in rural Zimbabwe. Therefore, remittances have a great role to play in economic growth, poverty reduction and public finance management of Zimbabwe. However, policymakers need to improve public finance management systems and harness remittances for development purposes.

5. The Case of Binga

This study highlights the crucial role of remittances in supporting communities in Binga, particularly in Tinde and Upper Dobola. In these areas, families primarily rely on subsistence farming, but frequent droughts and low rainfall have made it difficult to sustain livelihoods. As a result, many families depend on remittances to cover basic needs and contribute to community projects. With limited formal employment and entrepreneurship opportunities, remittances have become essential for development in these areas.

The study found that while remittances provide immediate short-term benefits such as poverty alleviation, their long-term impact is on community development projects. In Binga, remittances have funded infrastructure projects that provide long lasting benefits such as the construction of schools, clinics and dip tanks. These projects improve community access to key main services such as health care and contribute to sustainable development. 25% of business in Binga are being partially funded by remittance funds as communities purchase goods from these shorts. This has led to job creation for a few locals working in these shops and will slowly reduce poverty.

65% of participants that took part in the study in Binga reported a noticeable improvement in their living standards due to remittances. Responded sited how remittances improved access to basic goods, healthcare, and education. Local development projects funded by remittance inflows were found to directly enhance public finance particularly in sectors such as infrastructure development and education. As an example, 20% of community funded schools in the region were financed partially through remittance contributions. The influx of remittance has also increased local tax revenues as more business increasing sales due to fund from those out of Binga. 15% of these business benefit directly from community purchases using funds sent as remittances. This demonstrates a clear link between remittances and the improvement of both poverty levels and public finance in rural; Binga.

Several local development projects were significantly impacted by remittances, with particular emphasis on education and healthcare initiatives. Local projects like Manzansiya Primary School, Sikomena Clinic, Kayongolo Primary School and Siambola Diptank are about one of the many projects that have been impacted by these remittances. Success was measured in the study through increased access to services as communities reduced distances, they travelled which according to attendance registers schools like Kayongolo have increased attendance as well as increased enrollment as the school has improved in constructing a school block and toilets.

A village head at Tinde Ward elaborated,

> "Bantu bangi muchilawu eechi balalima, mpawo kuti batebula balawuzya kusika bajana mali yakuula chimwi chakulya, kuliya mali zyachikolo, mpawo akuyungizya kumali yakuyaka luundu. Naa waba munyaka wanzala ngakwaba buyumuyumu akuti bantu bajane mali nkaambo bayumide akulima."
> *("Many people here are farmers, and after harvesting, they sell their produce to earn money for food, pay fees, and sometimes contribute extra money to community projects. This is their only source of income, and during drought, it becomes difficult for people to raise money on their own".)* In such situations, remittances become an important lifeline.

Formal remittances channels, such as banks, provide a more reliable and measurable impact on public finance, as they are easier to track and integrate into local budgets. In contrast, informal channels, though more commonly used in Binga, offer immediate financial relief but lack structure to contribute significantly to long-term public finance benefits. Financial institutions, such as Mukuru and Bank ABC, assist people in areas like Tinde and Binga by facilitating the receipt of remittances. While they may not follow up on how the funds are used, they ensure that individuals can access money sent to them. The bank official explained,

> "Although we don't track the exact use of the remittance funds, we do ensure that people from these areas can come and receive their money. These funds may then be used for community projects like borehole repairs or school block construction, but our role is to ensure money is available to recipients. However, there are limitations in assisting people in remote areas like Upper Dobola, and strategies to have more agents in those areas would help improve access for both locals and diasporans."

Remittances have played a vital role in supporting large-scale community projects in Binga District, particularly in Upper Dobola and Tinde. For example, the construction of a Dip Tank in BMC village, Ward 22 Chibila, was funded by diasporans from South Africa, who provided materials, while the local community contributed labor. This project addressed the issue of livestock diseases by providing better access to dipping sites, which were previously difficult to reach. This is what is shown by Sobiech (2019), who asserts that remittances help to solve the financing gaps in those underserved areas. This study reveals that remittances are crucial to fund community servicing projects, enhancing the household resilience, and formalizing the rural financial contribution and alleviating resource constraints from rural areas.

According to the findings, remittances fill some of the gaps when public budget and service levels in Binga depend on yet undeveloped revenue and fall short in times of sluggishness. Participants mentioned their usage of remittances as school construction, clinics and making of dip tanks. A village head from Champongo Ward 17 explained,

> "Esigabeni sethu, imali ezivela ngaphandle kwelizwe ziyasincedisa kuma-projects afana lokwakhiwa kweDip Tank yeChampongo. Imali lezi ziyasisiza ukuthenga izinto zokwakhisa lelidibha. Idibha ebelisetshenziswa eliseduzane liseLusulu kuWard 21, lapho ebesihamba khona 15km. Okwamanje besizebenzisa i-spray race ukuvikela imikhuhlane njalo kungasizo lezo mali, bekuzabanzima ukuthi sakhe idibha eduzane."
> *("Remittances from abroad are helping us build the Champongo Dip Tank. The money buys materials for construction, as the nearest dip tank was 15km away in Lusulu. Without this extra money, these improvements would have taken years.")*

This supports Sobiech (2019), who states that remittances help fill development gaps and support underfunded areas. Mukoka and Nyamusa (2023) also argue that remittances reduce family hardship and promote community development.

Remittances are also directly funding public services in healthcare and education as reported by local government officials. A District Development Coordinator said,

> "We've seen families pool remittance funds to finance projects like the Cross Sikomena Clinic. This eases the government's financial burden and ensures basic services continue to function." This is in accordance with Nyikahadzoi et al. (2019) who state that remittances complement public budgets and in turn improve the quality and coverage of services in underserved areas. The model of remittances for development was also represented by the Diaspora Investment Fund (Amalima Loko) for large-scale projects. One participant shared,
> *"Amalima Loko helped us to source money from abroad, from people who moved from Binga to seek for better opportunities. The Siambola Dip Tank is being built, Cross Sikomena Clinic and Kayongolo Primary School are being constructed with this money. It has also been helpful in carrying out these projects and in shortening distances people had to travel to access these services."* This is consistent with Mustapha (2023) who found that remittances help in the practice of the community driven initiatives and hence create local self-reliance.

The study finds that using remittances for public finance and local development in Binga is challenging due to systemic, infrastructural, and socio-economic barriers. A common issue is the lack of formal methods to pool and direct remittance flows for community projects. A village head from Tinde explained,

> "Iswe mali njitujana kumwana wesu twiibelesya kuula chakulya akuliya mali zyachikolo. Naa titwatebula kabotu tubweza imwi mali eeyi kugwasizya kumayake amuluundu."
> *("We use the money we get from our child abroad to buy food and pay school fees. If the harvest is poor, we use some of this money to support community projects.")*

This aligns with Ur Rehman and Hysa (2021), who notes that without formal structures, remittances are not fully optimized for local development.

Remittances expose the limited access of Binga to formal banking systems as a major barrier to their use for local development. At times, families cannot access funds, to contribute to projects, as there are no formal channels to send or collect remittances. The District Development Coordinator explained, "If there is no ward based banking system in places like Upper Dobola, people don't get remittances. These banks can use these funds for development if more decentralized banking was there." Remittances have untapped potential but are under used as they do not involve formal systems. This is in line with Misati, Kamau and Nassir (2019) who emphasize the need for formal systems for remittance based development.

This has caused problems for community members in Upper Dobola to access to remittances due to the absence of infrastructure such as banking services, proper roads and a reliable mobile network. Given that they do not have the right banking facilities, people normally send and receive money through informal methods. The Councilor for Dobola Ward explained,

> "Most remittances cannot be pooled for local projects because of logistical challenges. Poor road conditions and the unstable mobile network coverage make disbursement to beneficiaries difficult. Remitting also places those who manage to get the remittances on additional travel to Binga town to collect the money increasing their costs and reducing funds available for community development." This is consistent with Kakhkharov and Rohde (2020) who point out the importance of infrastructure in getting remittances through.

In addition, high remittance transfer fees limit the impact of remittances on local development. A bank official from Mukuru stated, "There are too many people who complain about high fees of sending and receiving money. The funding of these charges, of course, takes money away from families and little or nothing away from building up the community."

In rural areas with low incomes high transaction costs are a persistent issue. Kakhkharov and Rohde (2020) state that high remittance costs are a problem of a global magnitude, and that is at the expense of low income recipients. High remittance costs have a long-term negative impact on growth and development in

Binga.

The study also established that the reasons for the poor use of remittances for development are trust issues and poor governance. A participant in the Diaspora Investment Fund noted,

> "Nxa sizama ukuqoqa imali yamaphrojekthi kubantwana abaphandle kwelizwe, kwakube lenkinga yokwethembana, kwesatshwa ukuthi ayisoze isetshenziswe ngendlela."
> (*"When we tried to pool money for projects from children abroad, there are issues of trust, as some feared it would never be used properly."*). This highlights the importance of trust and transparency, as noted by Misati, Kamau, and Nassir (2019).

Additionally, socio-economic inequalities make collective development difficult. A ward councilor from Tinde explained,

> "eminye imizi iyathola imali evela phandle kwelizwe, kodwa abanye abayitholi. Nxa sizama ukuqala amaproject adinga izimali zabantu abaphandle kwelizwe, kucina kudala ukubandlululana njengoba abanye bengela zihlobo eziphandle kwelizwe."
> *("Some households receive money from abroad, but others do not. When we try to start projects that require contributions from people abroad, it ends up creating divisions because some do not have relatives overseas.")* Azizi (2020) argues that unequal access to remittances can perpetuate social inequalities and hinder community development.

The case study of rural Binga reveals the significant role remittances play in local development, despite challenges in accessing and effectively using them. A key finding is the potential of remittances assisting in projects such as constructing schools, clinics, and boreholes. A village head from Upper Dobola emphasized,

> "Naa twakonzya kuba ankomwe bantu balimuluundu mpubakonzya kuswaanizya mali nche biyo akujana itumizigwa, tulakonzya kuyaka."
> ("*If we could create a community fund where everyone contributes a small portion of their remittances, we could construct various projects.")*

Financial literacy was also identified as essential, as many recipients expressed a desire to learn how to manage, save, and invest remittance funds for personal and community benefit. As one participant shared,

> "Tuyanduula kuyiisigwa nzila yakulondola mali njitujana.
> *(" We need training on how to manage the money we receive.")*

The study also highlighted that poor infrastructure, including bad roads and lack of communication networks, limits the effective use of remittances. Additionally, the involvement of diaspora members in community projects was seen as a valuable resource. One community member noted,

"Izihlobo zethu eziphandle kwelizwe ziyafisa ukusisiza ekuthuthukiseni isigaba, kodwa kudingeka sihlele kahle njalo sisebenzelane ndawonye,"
(*"Our relatives abroad want to help us develop the community, but we need to plan properly and work together."*)

Furthermore, the study found that gender plays a significant role in how remittances are received and utilized in Binga. Female headed household are more likely to allocate remittance funds towards household consumption, education, and health care which are often seen as priorities. Male headed households tended to allocate it towards livestock and the construction dip tanks with younger, more educated individuals more likely to invest in entrepreneurship (Chikozho, 2020).

While remittances have the potential to drive local development in rural Binga, significant barriers remain, including infrastructure limitations, lack of formal banking systems, and socio-economic inequalities. To fully capitalize on remittances, there is a need for improved governance, better financial literacy, and enhanced infrastructure to facilitate the pooling and effective use of funds. By addressing these challenges, Binga can unlock the full potential of remittances to improve living standards and promote sustainable community development.

6. Challenges and Constraints

Some limitations on data collection and analysis were encountered in this study. The remoteness of Binga, particularly Tinde and Upper Dobola areas was a significant challenge that made it difficult to access participants. The poor road infrastructure and weak network connectivity had a negative impact in accessing the study area.

A closely related constraint was that participants were reluctant to disclose their financial information. Some respondents were also wary of reporting their remittance sources because they were afraid that it could jeopardize their relatives abroad. The reluctance to collect broad and accurate financial data for the study limited the depth and accuracy of the data collected.

The challenge of the study lies also in the fact that qualitative methods were used, namely, interviews and focus groups, which have a certain subjective interpretation and possible response bias. There was also a limited analysis of quantitative financial records on remittances in Binga that restricted any comparisons. The research process was hindered by the unavailability of key stakeholders such as the district officials who had tight schedules. Another major limitation was the language barrier. Translations were not done by community members and some nuances might have been lost along the way.

The study was constrained by financial and time limitations to conduct an extensive national level analysis of the fiscal impact of remittances. Travelling to remote areas and putting together meetings with participants restricted the scope further. Furthermore the lack of documented data on remittance flows in Binga, prevented a more comprehensive assessment of remittance flows as a source of public finance.

Despite these challenges, the study provides important insights on the nexus of remittances, local development and public finance in Tinde and Upper Dobola areas of Binga. Future research should deal with these limitations by using quantitative data, improving the geographical scope, and improving logistical support to get a more complete picture of the role of remittances in rural areas.

7. Recommendations

Several key strategies can be employed in order to improve the management of remittances as well as improve public finance in Zimbabwe:

- **Strengthen Traditional Leadership in Fund Coordination**: Local communities trust traditional leaders and they can be good managers of remittance funds. If the local government formally defines their roles and trains them in financial and accountability management, there will be increased transparency in the use of funds and ensure that the funds are being used efficiently for the development of the community.
- **Empower Communities with Financial Literacy**: Training communities in management of finances, budgeting, as well as investment strategies, help them make the most out of their remittances. If communities are educated, they tend to use formal financial institutions more, increasing the flow of remittances through formal channels and improving public finance.
- **Establish Diaspora Engagement Platforms**: These platforms are the medium of communication between the diasporans and home communities, creating transparency and collaboration in the development of local communities. Remittances can be tracked by diasporans to see where their money is being spent and encourage them to invest in new initiatives in community development.
- **Promote Infrastructure Development and Access to Banking Services**: It is important to formalize remittance flows by improving infrastructure and provide banking services in rural areas like Binga. More people can access formal financial systems, including mobile money, local banking facilities, and the internet, and public finance would be supported by this.
- **Streamline Bureaucratic Processes and Reduce Transaction Costs**: The formal channels should simplify the remittance process and reduce transaction fees in order to make them more attractive to senders that tend to use official platforms. Banks and mobile money services should also lower costs and have quicker transfers of remittances.
- **Encourage Local Spending in Formal Markets**: Tax revenue generated by remittance transactions is increased through the encouragement of remittance recipients to spend in formal markets and revenue can be reinvested in public services such as health care and education. It helps create long-term economic and sustainable development of local infrastructure.

All these strategies endeavour to transfer remittances through formal channels, increase public finance, improve local development, and ensure that funds are used in a transparent and efficient manner.

8. Conclusion

Funds from remittances are important for meeting the public service needs in Binga district, which is often underfunded by central government. Remittance funds act as a safety net for families in Binga. Nevertheless, larger development projects have little organised channels, and villagers have low financial literacy, limiting their full potential. To make the most of remittances in terms of economic growth and poverty reduction over the long term, strategies should aim at increasing financial literacy, strengthening investment opportunities and harnessing remittance flows for sustainable local development. Moreover, local governance could be strengthened and diaspora communities engaged to enhance the efficiency and scale of remittances, leading to poverty alleviation and local economic empowerment.

Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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