Households Under Socio-Economic Stress:
The Case Of Zimbabwe's Urban Areas And Implications For Development

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Abstract:
In times of tightening national budgets and declining national resource allocation to social services, understanding how the poor respond to economic crisis is important. This understanding can help ensure that interventions aimed at reducing poverty complement and strengthen people's own inventive solutions rather substitute for or block them. This study explores the major sources of income shocks experienced by poor urban households in Zimbabwe, identifies the household coping mechanisms adopted and the current formal and informal social support mechanisms and suggests policy options that can ensure development. Findings indicate that the major forms of income shocks to households are related to the macro-economic climate of the country (inflation, devaluation and unemployment) followed by chronic illness and death. The study also reveals that households are more dependent on informal sources of support to help cushion the impacts of the income shocks. Policies aimed at strengthening these informal sources of support can help foster the well-being of poor families. Results indicate that nation-wide formal risk-sharing programs are less available for households to utilize. The resultant policy implication is the need for intensification and expansion of the national insurance schemes such as health and education support and employment guarantee schemes so as to generate substantial positive welfare effects by complementing the informal devices. Continued economic reforms must therefore integrate macro-economic policies with specific measures aimed at enhancing access to employment and assets, particularly for the marginal groups, while prioritizing and protecting the social sector expenditures.

Introduction
Zimbabwe's economy has slumped to its worst level since independence. The deterioration is being fueled by poor macroeconomic performance such as high inflation, high interest rates, low economic growth rate, high unemployment rate, high taxation and government expenditure. The AIDS epidemic has also dealt a severe blow to the ailing economy as more than 1000 economically active people die each week (Ministry of Health and Child Welfare, 2001). Overall the combination of deteriorating economic base and AIDS epidemic has seen a sharp rise in chronic poverty in both urban and rural areas (Raftopolous et al, 1998). The national HIV prevalence is estimated to be at least 28% (UNAIDS, 2001). Since 1991, Zimbabwe has been implementing macro-economic reforms. Countrywide, the macroeconomic reforms have resulted in prices of basic food rising as subsidies were removed, unemployment rose as companies

closed due to competition, public sector employment fell due to retrenchments, and real wages in the formal sector have been on the decline since 1990. Annual increase in formal employment has been very small and the level of unemployment is estimated to be over 40%. There is now a considerable body of research showing the negative impact of structural adjustment programs on the lives of the majority of the population in countries where they have been implemented (Graham, 1992, Williams, 1999, Grootaert, 1994, De Maio, et al, 1999, Van Ginneken, 1999). A UNICEF ten country study showed that in countries in Africa and Latin America implementing adjustment, indicators such as infant mortality rates, children's nutritional status, levels of unemployment and numbers living under the poverty line had all worsened during the adjustment period (Cornia et al, 1987). Zimbabwe has experienced all these changes since the macro-economic reforms have been initiated since 1991. Between 1990 and 1997, average real wages fell by 30%, despite rising productivity (Raftopolous et al, 1998).

The loss of macro-economic stability has exacerbated the impact of the reform program on the poor resulting in an increase in the incidence and depth of poverty in Zimbabwe (Robinson, 1997, Central Statistical Office, 1998). The 1995 Poverty Assessment Study (PAS) found that 62% of the national population was living below the national total consumption poverty line of Z$2132.33 per person per annum[1] (Ministry of Public Service, Labor and Social Welfare, 1997). About (46%) of people are living below the national food poverty line. Zimbabwe's human development ranking has deteriorated from number 111 out of 160 countries in 1991 to 130 out of 174 countries in 1998 (UNDP, 1999). The AIDS epidemic and the deteriorating macro-economic conditions in the country have presented income shocks to poor households in urban areas.

Poor and rich households have different risk levels to income shocks and may adopt different risk management strategies. Rich households have better access to insurance and credit facilities and have a large asset base, which can help them cushion the impact of an income shock. Poor households on the contrary, operate under very risky situations with limited resources to help cushion an income shock. Increased economic stress and decline in income in poor households can seriously affect their ability to meet basic needs, such as food, shelter, nutrition and health. Not many advances have been made to find out the major sources of income shocks to these households and how they manage the risk in terms of preventing themselves from further income shocks and coping with an income shock. It is therefore important to understand the main causes of income shocks and the subsequent risk management strategies poor households adopt.

The major forms of risk facing a poor household can be broadly categorized into (1) idiosyncratic shocks which only affect a particular household, such as non-communicative illness, unemployment, death, accident such as a fire and (2) covariant shocks which affect all households in a community such as

[1]Total consumption poverty line gives the income required to purchase a basket of food and non-food (clothing, housing, education, health, transport etc) by an average person per annum.

drought, inflation, recession. The objective of the study was to identify the different sources of income shocks, identify household coping and mitigating strategies, and identify the formal and informal social support systems and find policy options that can help restore the well-being of poor households. The first section reviews the data and methods, the second section presents the results, the third section presents a discussion of the results and their policy implications, conclusions are presented in the last section.

Data And Methods

The study was conducted in three low-income suburbs of three major cities Harare, Bulawayo and Mutare. A total sample of 598 households was selected (Harare (n'200), Bulawayo (n'200) and Mutare (n'198)). The cities have a high incidence of poverty with the percentage poor and very poor estimated to be 35, 37 and 50 for Harare, Bulawayo and Mutare respectively (Ministry of Public Service, Labor and Social Welfare, 1997). The HIV prevalence is also high in the cities. According to the 1997 sentinel surveillance, the HIV prevalence rate was estimated to be 28 %, 30%, and 38% in Harare, Bulawayo and Mutare respectively (Ministry of Health and Child Welfare, 1998). In all the three cities, the oldest low-income residential suburb was selected (Mbare in Harare, Mzilikazi in Bulawayo, and Sakubva in Mutare). In some parts of Mbare and Sakubva, some people live in wooden and plastic cabins and have poor access to clean water sanitation and health facilities. In some areas of these suburbs, households share common toilets, water collection and laundry facilities. Qualitative methods involved three focus group discussions with communities in each site. Quantitative methods involved administering a household questionnaire on a sample selected based on two sampling procedures, cluster sampling and systematic sampling. In this study, the suburbs were sub-divided into sub-units, which were used as the appropriate clusters. Systematic sampling was then used to select households in the selected clusters. The empirical issues addressed in the questionnaire included household demographic characteristics, causes of income shocks, the role of household assets in risk management, own household-initiated coping mechanisms, public-based social protection safety mechanisms and assessment of the effectiveness of both public and private social safety mechanisms. The study was carried out in 2000.

Results

The main sources of income shocks to low-income urban households and the relative importance of the income shocks

The survey revealed that the main forms of income shocks experienced by low-income urban households comprised both idiosyncratic and covariant risk factors. The dominant idiosyncratic shocks were unemployment, retrenchment, death in the family, and long illness. The dominant covariant income shocks were price increases/inflation, devaluation, taxes and drought. Overall in terms of relative importance of the income shocks, price increases/inflation was ranked as the most leading form of shock followed by devaluation, unemployment, death in the family and long illness. These results closely reflect

income shocks identified in focus group discussions which identified and ranked the main causes of income shocks to include unemployment, inflation / price increases, retrenchments, AIDS related deaths, long illness (TB, HIV/AIDS), family breakup (divorce), increases in rentals, and drought. Although the ranking is slightly different from the two methods the important point to note is the fact that economic risk factors were the most dominant form of income shock. This indicates that the economic crisis is the major source of stress to poor households, even in households which are experiencing idiosyncratic shocks like illness or death.

Why are households vulnerable to these identified income shocks?

The main reasons for household vulnerability reported by sampled households include low income, unemployment, large family size and support to extended family to be the leading vulnerability factors (see table 2). Other vulnerability factors identified in focus group discussions include job insecurity, disability, long illness, illiteracy, female-headed household, old age, pensioned, divorced and retrenched.

In the focus group discussions households that were identified to be most vulnerable to income shocks include households headed by a female, child, widow, single parent, disabled or an elderly and polygamous households and households with couples who married early. Households with a chronically ill patient and experiencing a death of a breadwinner were also cited to be more vulnerable to income shocks. This is because illness and death would have depleted the resource base of the household.

The existing household coping and mitigating mechanisms to income shocks

The data reveal that households adopt a variety of coping responses. The dominant household coping responses from sampled households included borrowing from informal sources, use of savings, remittances from family members and getting food from rural areas (see table 3). The dominant household responses from the focus group discussions sessions are closely related to those identified quantitatively (see table 4). The major difference is the fact that in focus group, discussion households identified the most dominant coping mechanism to be reduced food consumption and reported a much wider range of coping mechanisms that households are adopting to cope against income shocks. It is important to note that the dominant forms of coping are dependent on informal sources of support such as informal borrowing, remittance from family members and obtaining food from rural areas. Coping mechanisms dependent on a household's own resources include use of savings, informal business activities, sale of assets and reduced food consumption. Reduced levels of food consumption can lead to a decline in the welfare of the households and can affect the household's future productivity capacity.

The existing urban-rural networks

Overall 75% of the sampled households indicated that they benefited from support from relatives in rural areas. The main form of support from rural to urban areas is food in the form of maize grain (as reported by 60%). This is in line with findings from other studies (Horn, 1996, Ministry of Public Service, Labor and Social Welfare, 1997). Other minor support networks come in form of partial child fostering (7%), seasonal migration of spouse (4%) and income (2%). Apparently income support is the weakest link between rural

and urban households because rural wages are generally lower than urban wages. A Zimbabwe Congress of Trade Unions (ZCTU) study on urban workers in 1993 revealed that rural-urban networks were the main source of food to supplement decreasing urban wages. Over 50% of the wives of these urban workers lived permanently in rural areas, ensuring a regular source of food supplements (ZCTU, 1993). However households in this study indicate that the rural-urban support network is now being weakened by high public transport cost, maize-grain price instability and recurrent droughts. This finding indicates how inflation resulting from the macro-economic policies is affecting one of the major support mechanisms for urban households to cope with income shocks.

Weak family links undermines one of the most important social coping mechanisms in poor communities for dealing with income shocks. Results showed that more than 60% of households do resort to seek for help from relatives, friends and neighbors, particularly during hard times. The help sought is mainly in the form of credit as cited by 27% of the sampled households, food (25%) and money in kind (11%). A small proportion of households seeks for help in the form of clothes (2%) and child fostering (2%). Thus in sum, the help most needed include credit and food as they are ranked high by the sampled households. A large percentage (89%) of the households recognizes that due to current economic hardships it is difficult to get help from elatives and friends. The major reason cited was high inflation, followed by too many commitments in the community because of frequent illness and deaths nowadays and breakup of family ties.

The existing support from local informal organizations

Only 25% of the surveyed households indicated that they were benefiting from support from informal social organizations. The dominant informal support mechanisms cited by the surveyed households include burial societies, savings club, church assistance, women groups, informal borrowing and high interest loan clubs. Burial societies, savings clubs and women's clubs tend to be informal insurance strategies aimed at helping the household cope against future income shocks, on the other hand church assistance and informal borrowing tend to be coping strategies. Benefits accrue mostly in the form of funeral assistance in the form of food support, skills training in women’s groups. Church organizations provide clothing, counseling and spiritual support. Other benefits include provision of credits and loans to members by savings club and women's group type of support mechanisms.

Inadequate benefits were cited by a majority of households receiving the support, as the most severe type of constraint in accessing all types of informal social support mechanisms. When analyzed across the identified mechanisms, the problem of inadequacy is more severe within the informal borrowing and burial society mechanisms. Similar results were obtained from focus group discussions where inadequacy was indicated to be a serious constraint affecting most informal social support mechanisms. Women groups are seriously affected by constraints such as lack of transparency and corruption and lack of funds.

Burial society and savings clubs were ranked the most effective type of informal support mechanisms by a majority of the households. Other support mechanisms perceived as highly effective are women groups

and church organizations. The high interest loan clubs were cited to be the least effective.

Main Informal Business Activities

The high level of urban unemployment has forced most households to resort to informal trading so as to eke a living. Survey findings show that the largest percentage of households (56%) is involved in food vending. This has been found to be the leading survival strategy in Zimbabwe's urban areas in other studies by Matshalaga, 1997a and b, and Horn, 1995. Other informal activities include clothes vending (15.5%), sewing (8.2%), selling knitted products (5.6%), repairs (4.7%), beer vending (4.4%), selling wild produce (2.9%), wood carving (1.8%), and owning a tuck-shop (1.5%). Other informal mitigating strategies reported in focus group discussions include increased urban and peri-urban agriculture and cross-border trade to South Africa, Mozambique, and Botswana.

Lack of financial support was reported by a majority of the households as the main constraint. Results showed wood carving (70%) and knitted products (68%) type of activities as the ones severely affected. Other constraints reported include prohibitive municipality by-laws (18%), non-availability of inputs (12%), too much competition (13%), lack of training (5%) and product promotion and advertisement (5%) and poor infrastructure (5%). These problems have been reported in other studies as typically affecting the urban informal sector (Horn, 1995, Bigstern et al, 1992, Funkhouser, 1996, Mead, 1994, House et al, 1993). Horn's study found that due to currency devaluation and inflation, food vendors in Harare city experienced increases in the transport costs, stall rents, cost of discarding rotten vegetables and wholesale prices for buying the vegetables resulting in these small entrepreneurs realizing very marginal profits. In her study, Horn also reported that some food vendors quit the vending business altogether and ventured into other enterprises such as cross-border trading in crotchet items and other consumables, knitting and running a tuck-shop.

Informal activities particularly food and clothes vending were reported to be a very helpful and effective source of coping. One does not get massive profits but is at least assured of some money to survive on (Matshalaga, 1997a). However, this coping strategy is heavily affected by council by-laws, poor credit availability, poor infrastructure and lack of skills. A significant proportion (13%) of the surveyed households suggested that one solution could be relaxing the prohibitive city council by-laws on vending and hawking. Since the beginning of ESAP, the City Council has made some progress in relaxing some of its regulations such as allowing vending in the city center, close to supermarkets, in street corners of low density suburbs and in some areas the council built the required supportive infrastructure (Horn, 1995). However the City Council can still work with the informal sector communities to continue help ease the outstanding structural and regulatory constraints that still pose as a major hindrance to the success of the sector.

Forty three percent of the sampled households indicated the provision of financial capital as a key solution to the problems affecting their informal business activities. Other suggested solutions include: offering business management training and skills, providing good infrastructure and promoting micro-credit for

small-scale investment. To improve their performance there is need for credit, improved infrastructure and improved training opportunities to those involved in informal activities.

The Existing Formal Social Support Mechanisms

The main public social support mechanisms include the Social Development Fund for Fees (SDF-fees), Social Development Fund for Health (SDF-health), Department of Social Welfare public assistance, Medical aid and Pension schemes. The Social Development Fund (SDF) was introduced by the government in 1991 with the aim of cushioning the vulnerable groups and poor communities against the negative effects of the reform program through education and health assistance and a soft loan program for retrenched employees. While some households reported that they had benefited from the education and health assistance programs, none indicated having any knowledge of the SDF soft loan program or benefiting from it. The main constraint experienced in accessing the public mechanisms was "inadequate benefits". Long vetting procedure was also cited as a major constraint in utilizing the SDF fees and health programs. Other constraints identified include ill-defined selection criteria, bureaucracy, and corruption. The main private social support mechanisms on the other hand include financial insurance and funeral insurance. The focus group discussions revealed additional support mechanisms to include NGOs and city councils. Funeral insurance, financial insurance, medical aid and pension schemes are insurance social protection mechanisms aimed at trying to break the household's poverty cycle, while support from NGOs such as Plan International, FACT and Red Cross in the form of micro-credit, boreholes, food and school fees help households cope with the impacts of the income shock. For private social support mechanisms, "membership" and "joining fee" were identified as the main criteria required prior to a household accessing the benefits. The lack of collateral, high interest rates, prohibitive laws were the main constraints cited by households in trying to access support from micro-credit schemes.

Funeral insurance, medical aid and financial services were rated to be the most effective formal support mechanisms. The pension support mechanism is considered the least effective. With the current economic hardships the country is experiencing, income from pensions has been eroded by inflation, thus presenting severe hardships for the elderly. A general observation is that, public formal support mechanisms have low effectiveness ranking as compared to private formal support mechanisms.

Discussions

In this study we sought to expand our understanding of the main causes of income shocks in low income urban households. The study revealed that the leading causes of income shocks were covariant shocks related to the macro-economy of the country namely inflation and devaluation and macro-economically related idiosyncratic shock of unemployment. These findings suggest that the poorest population groups in the urban areas are suffering deep setbacks in fulfillment of their basic needs due to the macro-economic climate and there is need for the government to directly redress the economic situation of the country. Although other idiosyncratic shocks related to the health status of the household such as long

illness and death in a household appeared to be less important than covariant shocks, it is important to note that they are still an important source of income shock to households that should be addressed. This calls for the government to promote strategies that can help ease these types of idiosyncratic shocks, such as targeted health subsidy and promotion of burial societies in areas that do not have any in existence.

Findings on what households do to cope with income shocks revealed that households have become increasingly dependent on family support and informal sources of income to cope with the income shocks. Increased informal sector activity can be a major route to insuring poor households from idiosyncratic income shocks since it will foster the informal mutual assistance schemes found in the communities. Empowering individual informal sector entrepreneurs can be one way of strengthening community-wide insurance schemes which as indicated are being weakened by high unemployment and inflation. Policies aimed at employment creation can help the urban poor with a source of income to help prevent them from falling deeper into poverty. Specific policies should be targeted at strengthening the informal sector as literature has indicated that the informal sector plays a more important role during periods of rigorous adjustments when employment and income generation in the formal sector declines (Cornia, 1990, Kurosaki et al, 1999). According to Cornia, 1990, evidence in Sub-Saharan Africa and Latin America shows that the informal sector employment increases to as high as 50 percent during periods of economic declines. The increase is partly a response to declining formal sector opportunities and partly evidence of increased household labor supply. The level of output and earnings in the informal sector can be increased by enhancing its supply potential through policies aimed at improving access to financing, supportive regulatory policies, supportive infrastructure, removal of prohibitive by-laws hindering the operations of this informal sector, training and disseminating information about appropriate technologies (Kurosaki et al, 1999, Raftopolous et al, 1998, Kanji et al, 1993, Mead, 1994). Policies aimed at removing such constraints could generate positive results in terms of employment, output and income during periods of economic declines.

There is need to improve the accessibility of households to financial capital since smaller scale business is seen to be an important alternative to wage employment (Kanji et al, 1993). From this finding, there is a need to develop policies that address micro-finance credit schemes at soft interest rates and be earmarked for informal smallholder business owners. Already the SDF has a program on micro-finance, but the effectiveness of this program did not come out in this survey because the people who benefited from the program were not included in the sample, or maybe the program is too small to benefit anyone in the randomly selected sample.

The main form of income or food transfer was from extended families and informal networks. This dense network of exchange does help a household overcome the impacts of an income shock. However as noted in the study, during an economic crisis it is more difficult to ask for help from anyone as they are also experiencing a decline in income and the poorer the community, the less the support and the greater the

need for outside intervention. It is therefore necessary that public assistance programs play a more active role in sustaining the livelihood of the poorest families. This calls for improved allocation of funds to social welfare and improved targeting of the transfers to needy households. In sub-Saharan African countries public transfers are often mistargeted and do not reduce income inequality (Moser, 1996, Castro-Leal et al, 1999). Improvements in the targeting of social assistance to the poor does not only involve rearranging the flow of the public transfers, but also addressing the constraints that prevent the poor from accessing these services such as improved access to health, education and sanitation services and the way that the transfer is administered. How can targeting of government transfers from SDF be improved in the urban areas? Should SDF change its targeting mechanism from means testing (where program eligibility is determined by household income)? According to Baker and Grosh, 1994, means testing used in combination with geographical targeting aimed at smaller units of analysis such as a particular suburban area, greatly improves the efficiency of a transfer program. It is important that the SDF explore means of incorporating geographical targeting in their programs using the high density suburbs as units of analysis. As shown in the study more than half of the households in the randomly selected sample earn an income that is lower than the inflation adjusted total consumption poverty line. Thus primarily targeting transfers to low income suburbs can improve targeting of the transfers, however given that these low income suburbs are many, there is need to prioritize targeted suburbs using other indicators such as availability of clean water, sanitation, health and education services.

Improvement in the management of the programs can greatly improve the efficiency of what might be small social safety nets. Such improvements can be achieved through tackling the major constraints raised by the communities which include minimizing bureaucracy and political influence and elimination of corruption. The process of getting exemptions for school and health fees has been reported in one study to be difficult and unwieldly (Bassett et al, 1997). It is therefore important that the Social Development Fund improve handling of beneficiary applications so as to avoid any unnecessary decline in human development. There is need for SDF to explore possibilities of running some of the funds in a demand-driven way by having municipalities, communities or grassroots NGOs submit technical projects aimed at cushioning poor households from the impacts of income shocks. This will be one of reducing bureaucracy but improving targeting of social funds and strengthening community mobilization and capacity building. Lessons from Bolivia's Emergency Social Fund where the fund rather than being involved in the design and execution of projects, it responded to proposals from local and municipal governments, NGOs and grassroots groups, resulted in remarkable success in terms of both positive and social impact at the local implementation level and in attracting international donor funding (Graham, 1992). Communities were able to organize themselves and bid for projects for their neighborhood which could improve the socio-economic welfare of the people: projects such as schools, clinics, feeding programs, income generation and sanitation projects. Because the Fund's primary criteria was technical, in most cases it was able to work with municipalities of all political orientations, was transparent and efficient (Graham, 1992). In a different

study Van Ginneken, 1999, notes that NGOs and grassroot community organizations can play a leading part in protecting and integrating marginalised groups in urban areas and can thus be used to channel cost effective social assistance. The SDF certainly needs to explore possibilities of incorporating these ideas in their current program in urban areas where municipality projects or locally run transfer programs can be better targeted and can benefit the poor. Such local-area schemes have the advantages of low administration costs and encourage local participation of communities in project design and implementation.

There is also need to integrate HIV/AIDS prevention and mitigation programs in the social assistance policy in order to prevent future illnesses, deaths and increased poverty. This means that some programs can include prevention messages and some mitigation strategies such as micro-credit can be specifically be targeted to women and youths who appear to be the worst affected by the epidemic yet they typically have limited access to productive resources and employment opportunities.

Burial societies were reported in this study to be an effective informal mechanism to help cushion households against death-related income shocks. It is important that the government formulate policies and incentives that strengthen this informal institution and promote it in areas where it is non-existent. This study also revealed that long illness-related income shocks are becoming common. There is need for policy to explore how similar societies can operate to help cushion the impact of long-illness related income shock. Such a social support mechanism at community level could be a health-fees insurance club or a prepayment scheme. There has been a growing body of literature on voluntary community health insurance and prepayment schemes in which evaluation of such schemes have been reported (Atim, 1999, Ron, 1999, Bloom et al, 1999, McPake et al 1993, Noterman et al, 1995, Sauerborn et al, 1996). One of the major findings of these reviews is that community initiatives to generate funds to meet health costs through risk sharing schemes proved efficient in protecting the community from the negative effects of fees and is a promising tool in shouldering the economic burden of income shocks. This helps the poor beat high joining fees and membership subscriptions often required by formal medical organizations (Atim, 1999). However there is need for the schemes to be strongly based on community participation, accountability and autonomy. Such schemes can also benefit from government or NGO assistance in the design and monitoring of the schemes (Ron, 1999).

The study has shown that contributory and self managed savings schemes were effective in helping households cope with income shocks. Such indigenous social security arrangements should be promoted for pension schemes which offer insurance of a long term nature. Usually there are no formal pension schemes suited for the informal sector workers, building from indigenous institutions can ensure that informal sector workers can have a guaranteed form of social security insurance (Van Ginneken, 1999). All in all, although policies which strengthen household's coping strategies should be encouraged, such policies should be seen as a complement to and not a substitute for efficient and equitable macro-economic policies and sustained growth in the formal sector of the economy. It is important that macro-

economic policies securely embed the need to sustain the welfare of the most vulnerable in society, by addressing inflation and ensuring that expenditure on social capital does not fall. It is important that the government prioritizes the welfare of the poor and allocates resources towards it if progress in the country's human development is to be achieved. Poverty alleviation strategies can only be successful where the macro-economic policies are supportive of the social policies (Raftopolous et al, 1998). High nominal and real interest rates and stagnant per capita incomes have created a hostile environment in which new small-scale enterprises have to operate (Raftopolous et al, 1998). The study has shown that inflation is weakening the informal support network, the most dominant form of support to households. Macro-economic policies that are required include those that foster economic growth, price stability, create an environment that promotes savings, investment and employment creation, improve the purchasing power of the poor, reduce unproductive spending (such as military spending) and promote efficient spending on the social sectors; health and education.

Conclusion

This study has revealed that low-income households have been under severe stress from the macroeconomic policies and AIDS. Social services budget cuts, real decline in wages, massive retrenchments, real increases in food and other non-food items, health cost recovery, increases in HIV/AIDS and other epidemics have all seemed to have worked against the poor. The study's findings suggest that households and communities have adopted innovative strategies to try and cope with the income shocks. The study revealed that households are heavily dependent on informal forms of support ranging from informal borrowing, remittance from family members to informal business activities. Policies aimed at strengthening these informal sources of support can help foster the well-being of poor families and can prevent them from being negatively affected by income shocks. If informal or self-employment is to be a viable development strategy, the innovative enabling environment must be created. Policies such as improving the regulatory framework of the informal business activities, technical training, technology promotion and financing can help ensure that poor households have a reliable source of income to help them smooth consumption when they experience an income shock.

Formal sources of support play a very minimal role in helping households cope with income shocks. The study has shown that there is need for the SDF to improve targeting of its assistance by localising administration of the fund. Granting financial grants to local area administration or grassroot organisations involved in education, housing, health and sanitation can help ease the costs of administering the program but ensuring that the transfers reach the people that are most in need. If the aim of national economic development is not simply to increase output but also to improve human welfare, there is a need for government to redirect its policy towards meeting this goal. What is needed is improvement in government resource allocations to social services, employment generation, a modified cost recovery mechanism, intensified HIV/AIDS prevention and mitigation strategies and targeted social assistance for the vulnerable,

in order to protect the poor from falling deeper into poverty. There is also a need to address the constraints that prevent the poor from taking advantage of the social services in order to ensure that the transfers are effective because expenditure reallocations to the social sectors would improve targeting only if they led to a significant increase in the use of such services by the poor. There is also need for the government to stabilize the economy, contain inflation and stimulate economic growth so as to restore the incomes of the poor.

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Table 1. The main income shock experienced by households (% of households)

Main Cause of income shock	Harare (n'200)	Bulawayo (n'200)	Mutare (n'198)	All areas (n'598)
Inflation	63	55	52	57
Devaluation	12	6	21	13
Unemployment	7	15	15	12
Death in family	2	6	3	4
Long illness	7	4	1	4
Retrenchment	2	6	4	4
Taxes	3	0	2	2
Other	4	8	2	5
Total	100	100	100	100

Other causes include drought, disability and property disinheritance.

Table 2. Why is your household vulnerable to the income shock? (% of households)

Reason	Harare (n'200)	Bulawayo (n'200)	Mutare (n'198)	All areas (n'598)
Low income	54	45	61	53
Unemployment	15	29	17	20
Support to extended family	12	6	2	7
Large family	3	9	2	5
Death of bread winner	6	4	3	4
Long illness	3	3	4	3
Female headed household	2	0	0	1
Illiteracy	2	1	0	1
Retrenched	0	0	3	1
Property disinheritance	2	0	1	1
Other	2	4	3	3

Other reasons include pensioned, high school fees, disability

Table 3 Ranked household coping and mitigating responses from sampled households

(% of Households)

Type of household coping strategy	Harare (n'200)	Bulawayo (n'200)	Mutare (n'198)	Allareas (n'598)
Borrow from informal sources	28	10	12	17
Use of savings	26	22	8	19
Informal business activities	3	18	19	13
Remittance from family member	14	16	18	16
Get food from rural areas	10	5	16	10
Sell wild produce	1	12	4	6
Sell assets	4	2	5	4
Borrow from formal institutions	3	0	1	1
Crime	1	1	1	1
Part-time job	0	2	2	1
Strict budgeting	0	2	4	2
Child labour	1	0	1	1
Government transfers	1	2	0	1
Migrate in search of a job	1	1	0	1
Other	4	4	5	4

Other reasons include subletting, urban agriculture, prostitution, and marriage.

Table 4 Ranked household coping strategies from focus group discussions

1.	Reduce food consumption
2.	Get involved in other jobs to supplement income
3.	Use your savings
4.	Borrow from relatives and friends
5.	Withdraw children from school
6.	Child labor
7.	Send children away to live with relatives in rural areas
8.	Substitute with cheaper commodities (e.g. switch electricity to paraffin)
9.	Sell assets
10.	Self help informal jobs such as (sewing, knitting, craft, carpentry, welding, vending)
11.	Source grain from rural areas
12.	Cross-border trade to South Africa, Mozambique, and Botswana
13.	Renting some of the rooms to lodgers
14.	Peri-urban / urban agriculture
15.	Drug trafficking / crime
16.	Prostitution
17.	Begging
18.	Join high interest loan clubs