Zimbabwe

POVERTY IN ZIMBABWE

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PREFACE

The Central Statistical Office (CSO) issues this first publication on Poverty Among Households in Zimbabwe based on the 1995/96 Income, Consumption and Expenditure Survey (ICES). Further analysis of the 1995/96 ICES data and reports thereof will follow after this report. Previously, a report on Inequalities Among Households in Zimbabwe was published by the Office in collaboration with Oxford University based on the 1990/91 Income, Consumption and Expenditure Survey.

The report covers such topical issues as the poverty datum line, prevalence of poverty and other analytical issues.

In future, this report will be issued after every Income, Consumption and Expenditure Survey carried out by the Central Statistical Office every five years.

Poverty is a multi-disciplinary subject and as such the Central Statistical Office worked closely with users of statistics through various means including consultations and discussions. These were mainly the Ministry of the Public Service, Labour and Social Welfare, Ministry of Health, Ministry of Agriculture, Ministry of Education and other users who provided useful comments and ideas at workshops on poverty analysis held in the first half of 1998 to discuss methodological issues.

The Office received technical and financial assistance from the World Bank and the Norwegian Government through the Norwegian Trust Fund. I am grateful for the assistance given by these organisations. I am also grateful for the assistance received from the Japanese Grant and the Virginia Polytechnic Institute and State University through their salary support for Dr. Jeffrey Alwang who was technical adviser to the project and a member of the team that carried out the detailed analysis for this report.

Further, I would like to thank government ministries and departments and private sector institutions and individuals for providing the basic data necessary for the completion of the work. My thanks also go to all those who contributed to the production of the report.

The CSO would welcome views and comments that would assist in the improvement of the country's statistics on poverty and, indeed, other statistics.

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1. ZIMBABWE IN CONTEXT

1.1 Overview of the Country

Zimbabwe is situated in the southern part of Africa. It borders Mozambique, South Africa, Botswana and Zambia to the east, south, west and north, respectively. The country is land locked with a total area of approximately 390 757 square kilometres, and, it had a population of 10 412 548 persons in 1992. The country has an average inter censal annual growth rate of 3.1 percent.

The country became independent in 1980, and is classified as a low-income country by the World Bank. Initially, a model of central planning was followed, but the economy began to be liberalised in the early 1990s.

Zimbabwe is divided into 10 provinces of which two, Harare (the capital city) and Bulawayo, are essentially urban provinces whilst the rest are mixed. There are four main rural land use areas and five ecological regions. The main land use areas are large and small scale commercial farms, resettlement and communal areas. The other land use areas are national parks, state land, forest land, etc. Since independence, there has been a major effort to redistribute land equitably, with resettlement and land acquisition plans being priority areas in the agriculture sector.

Agriculture forms the backbone of the economy. Most of the agriculture in Zimbabwe is rainfall dependent and subject to frequent droughts. Tobacco is the largest foreign currency earner and cotton is another major cash crop. The mining and manufacturing sectors also play a major role in foreign trade. The main staple food is maize and is widely grown by both commercial and communal farmers.

The formal education system is divided into primary, secondary and tertiary schools. The health sector consists of primary level care provided by clinics, secondary care provided by district hospitals, tertiary services provided by provincial and general hospitals and the quaternary level catered for by six central hospitals in Chitungwiza, Bulawayo, Mutare and Harare. Government, church missions, local governments and private players (predominately in urban areas) are all involved in the provision of health services.

1.2 Historical Background of Poverty in Zimbabwe

Poverty in Zimbabwe is closely linked to the country's colonial history. The pre-independence social, economic and political climate tended to bestow economic and political benefits on whites as opposed to blacks. Blacks were settled on poor quality and small portions of land whilst whites occupied vast tracts of fertile land. Blacks were denied equal education and employment opportunities and even salaries for the same job differed with race. These policies introduced great inequalities and also perpetuated poverty among blacks.

A prolonged liberation struggle from the mid 1960s led to independence in 1980. The war had adverse effects on the entire population and the resulting economic hardships were felt most severely in rural areas. The imposition of sanctions on the then Rhodesian regime affected the entire country including the poor.

At independence in 1980, Government gave first priority to the reduction of poverty. Although some industries were nationalised, the private sector remained in the hands of minority whites and multi-national companies. Government embarked on policies of rapid expansion of rural infrastructure (education, health and transport systems), and of narrowing the gap between rich and poor by setting up minimum wages and effecting real wage increases.

Government accorded a high proportion of its expenditure to social sectors. Social sector spending (Health and Child Welfare; Education and Culture; Higher Education; Public Service, Labour and Social Welfare; and Public Construction and National Housing) as a share of total Government expenditure rose from 25.7 percent in 1980/81 to 34.9 percent in 1990/91. At the same time, total real expenditure by Government was increasing. This expenditure resulted in dramatic improvements in health and education accessibility and availability and better indicators of health, education, and nutrition.

Unfortunately, imbalances between central government expenditure and revenue compromised the sustainability of the spending programme. Central government expenditure as a share of the national economy was always high by international standards, and revenue fell short of expenditure through the 1980s. At independence, central government expenditure accounted for about 35 percent of GDP, and partially due to the social sector investments of the 1980s, this share rose to 47.4 percent by 1988/89. The gap between expenditure and revenue grew throughout the 1980s, and interest payments on the national debt began to consume a greater share of the government budget. Budget deficits also crowded out private investment and created inflationary pressures.

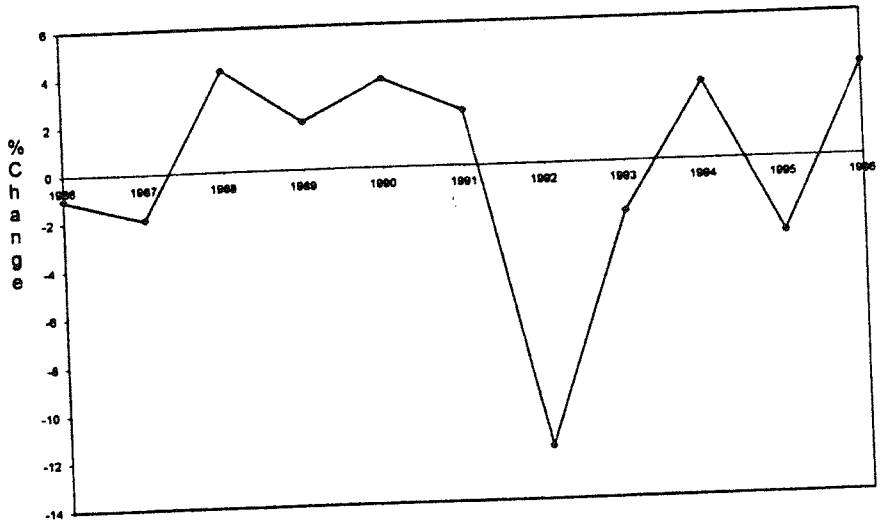
The policies of the 1980s were also not conducive to sustained economic growth, and the Zimbabwean economy began to stagnate in the mid to late 1980s. Government recognised the need for a strong economy that could provide resources necessary to combat poverty and redress the imbalances of the past. As a result of deteriorating economic growth, high inflation rates, high levels of unemployment, and increasing fiscal budget deficits, Zimbabwean authorities fell under pressure to abandon the interventionist policies of the early-1980s in pursuit of market-oriented reforms.

The Economic Reform Programme and the Drought

A decade after independence, Zimbabwe embarked on an Economic Structural Adjustment Programme (ESAP) in 1991. The programme (ESAP) ran concurrently with the Second Five Year Development Plan. This was aimed at promoting economic growth. The objectives of the programme were to de-regulate the domestic economy, de-regulate prices and wages, reduce public spending and central government's budget deficit. One way of achieving the fiscal goals was the introduction of cost-recovery measures in health and education. Subsidies on basic food items were also targeted for elimination under the programme. In addition, ESAP aimed at liberalising foreign trade, and removal of foreign exchange restrictions. Unfortunately, the onset of ESAP coincided with one of the country's worst droughts in 1992. The economy failed to exhibit growth in the early 1990s (figure 1.2.1).

During ESAP, Government increased the share of social sectors from 30 percent of *discretionary* funds in 1990/91 to 38 percent as of 1996. The share of discretionary budget going to health and education has never been higher than it was in 1996. However, a shrinking total resource pool (i.e., fewer real discretionary expenditure) during the same period led to a 40 percent decline in real per capita and real per pupil resources in the health and education sectors, respectively. During ESAP, interest payments on central government debt rose to 22 percent of *total* government expenditure, more than expenditure on health and education combined.

Figure 1.2.1 Year to Year Changes in Real GDP Per Capita



Source: Central Statistical Office (1997).

ESAP was successful in liberalising the economy, removing foreign trade and foreign exchange restrictions. However, many of the government fiscal targets were not met and continuing budget deficits may have contributed to the slowdown in growth in late 1997 and early 1998. As evidence of a reinvigorated commitment to the principles of market orientation, Government recently embarked on a continuation and deepening of the reforms begun under ESAP. The main objective of the Zimbabwe Programme for Economic and Social Transformation (ZIMPREST) is to "achieve a sustained high rate of economic growth and speedy development in order to raise incomes and standards of living..., and expand productive employment of rural peasants and urban workers, especially the former."

The main means by which it is hoped that ZIMPREST will contribute to this objective are:

- urgent restoration of macroeconomic stability (low inflation and interest rates, stable exchange rate, etc.;
- facilitation of public and private savings and investment needed to attain growth;
- pursuing economic empowerment and poverty alleviation by generating opportunities for employment and encouraging entrepreneurial initiative;
- investing in human resources development; and,
- providing a safety net for the disadvantaged.

1.2.1. Poverty Analysis in Zimbabwe

There has been two broad types of poverty studies in Zimbabwe. The first type has concerned itself with determining the level of income or consumption below which a family is deemed poor. These studies construct a poverty datum line (PDL), and have been used by policy makers to target specific assistance to the poor and to determine appropriate wage and price policies. These studies have not generally attempted to quantify national poverty, and have not been based on representative data. The second type of study often begins by constructing a PDL, and uses the PDL to measure and analyse poverty by examining the characteristics of poor households.

Known efforts of the first type date back to 1944 when a study was conducted by Professor Baston of Cape Town University. This study was followed by a study by Bettison of Rhodes Livingstone Institute of Lusaka in 1958. Studies by Verity Cubitt and Roger Ridell cover the years 1974, 1979 and 1994 and were designed to construct and update the PDL.

A fully documented study by Verity Cubit in 1994 entitled *The Urban Poverty Line in Zimbabwe: A Study of the Minimum Consumption Needs of Families* focused on the urban poverty datum line. The study paid particular attention to low-income groups in urban areas. The main emphasis of the study was updating earlier research by re-calibrating the PDL; the methodology was consistent with earlier studies of 1974 and 1979. Recently, McGarry (1996) employed the Cubitt and Ridell methodologies to create a poverty datum line for a variety of rural areas.

There has been a number of studies of the second type, (i.e., studies that have attempted to quantify and analyse poverty) but few have been national in scope. Studies by Stenflo and Namfua represent the first known attempts to systematically measure and analyse national poverty. These efforts were hampered by incomplete analysis, and their results are difficult to replicate. A recent effort by the Ministry of Public Service, Labour and Social Welfare (MPSLSW) is in the 1995 Poverty Assessment Study Survey (PASS) which was carried out with the express purpose of measuring and analysing poverty in Zimbabwe. The PASS used money-metric and non money-metric approaches and provides detail on the poor that is disaggregated to the district level.

The current study, *Poverty in Zimbabwe*, builds on these earlier studies to create a comprehensive profile of the poor. The current study uses consumption rather than income to rank individuals and households in the welfare distribution, provides a profile of poverty based on information collected from July 1995 to June 1996 (the PASS data were collected from August to November 1995), and analyses in greater detail some of the determinants of poverty.

Analysis of poverty in Zimbabwe has not been progressive in nature. The results of studies cannot be easily compared because of differences in definitions and methodologies. It is not known, for example, whether poverty has increased or decreased over time because of differences in survey methodologies. However, the studies provide insights into important questions such as:

- How is poverty distributed throughout the country, and which areas suffer from the worst poverty?

- What are the characteristics of the poor?
- How good is the access of the poor to public services and facilities?

1.2.2 Institutional Efforts to Alleviate Poverty

Zimbabwe faces a major challenge in dealing with the problem posed by poverty because it inherited distorted social and economic structures from past imbalances. In fact, the challenge the country faces is to formulate poverty-sensitive policies. At the same time, it is recognised that long-term poverty reduction is difficult without a strong and growing economy.

As noted above, government spending was dramatically reoriented towards social sectors following independence. This reorientation helped the country achieve stunning results in health and education. Some of these policies were changed with the advent of ESAP in 1991, and government was faced with the challenge of formulating poverty-reduction strategies within the context of a liberalised economy.

The Poverty Alleviation Action Plan

The Zimbabwe Government adopted the programme of economic reform with a formal commitment to protect the poor and the vulnerable groups from the negative impacts of ESAP via the Social Dimensions of Adjustment Programme (SDA). A surveillance programme (Sentinel Site Surveillance) was put in place to monitor SDA, whose centrepiece is a direct transfer programme – the Social Development Fund under the Ministry of Public Service, Labour and Social Welfare.

The SDF aims to protect the poor from the negative impact of subsidy removal, introduction of fees and unemployment. It has two components, namely:
- direct transfers to support health and school fees payment for the same households; and
- employment and training programmes to retrain retrenched workers.

The Social Dimensions of Adjustment Programme was narrow in its approach. A broad concept of poverty alleviation was, therefore, developed through the Poverty Alleviation Action Plan (PAAP) that was launched by the MPSLSW in February, 1994 in conjunction with United Nations Development Programme (UNDP). The PAAP includes reform of SDF, and also more systematic efforts to monitor poverty and address poverty analysis. These efforts include building the capacity of communities to generate income and tap more benefits from the public service provision system. PAAP encourages the integration and participation of vulnerable groups into the mainstream of economic activity.

1.3 Economic Activity and Employment

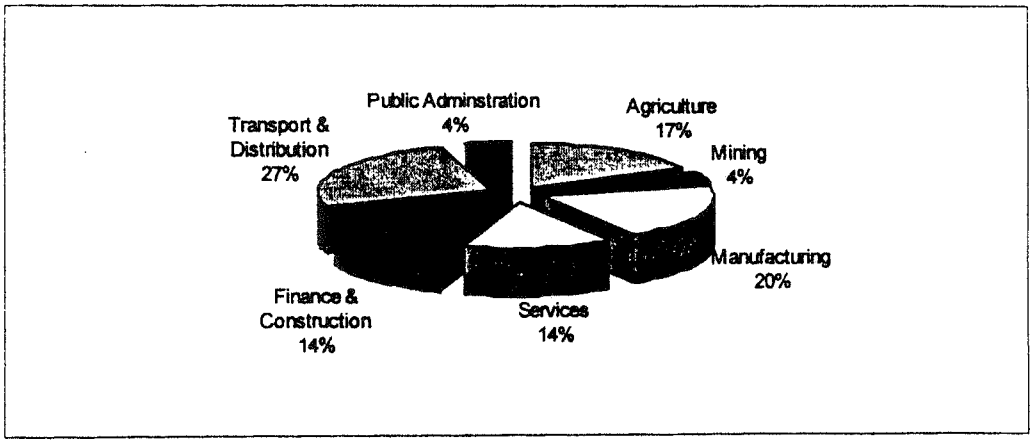
Zimbabwe, had an estimated GNP per capita of US$540.00 in 1995. Real economic growth lagged behind population growth during the past eleven years. Between 1985 and 1996, real GDP per capita fell slightly from Z$2 050[1] to Z$2 015 (CSO, 1997). Some of the slow growth can be attributed to shocks caused by drought, some to delayed and incomplete implementation of ESAP, and to persistent structural deficiencies in the economy. This lack of growth has hampered efforts to reduce poverty. Recently, Government embarked on a new programme (ZIMPREST), designed to address these problems and stimulate economic growth.

The economy is characterised by sharp swings in annual output (figure 1.2.1); these swings are associated with an agricultural-based economy where a large part of the production is dependent on rainfall.

1.3.1 Structure of the Economy

Although Zimbabwe is classified as a low-income country (figure 1.3.1), its economic structure more closely resembles that of a lower middle-income country. GNP is relatively evenly distributed among the sectors of agriculture, manufacturing, and other services. Agriculture is clearly an important sector, yet its contribution to GDP is far below the average for lower-income countries. The relatively low contribution of agriculture to GDP is deceptive since agriculture provides employment and livelihood for approximately 70 percent of the population and provides raw materials for the majority of the country's manufactured goods and exports. Agricultural exports consistently represent between 40 and 50 percent of the country's exports (figure 1.3.2).

Figure 1.3.1 Percentage distribution of GDP by sector, 1996



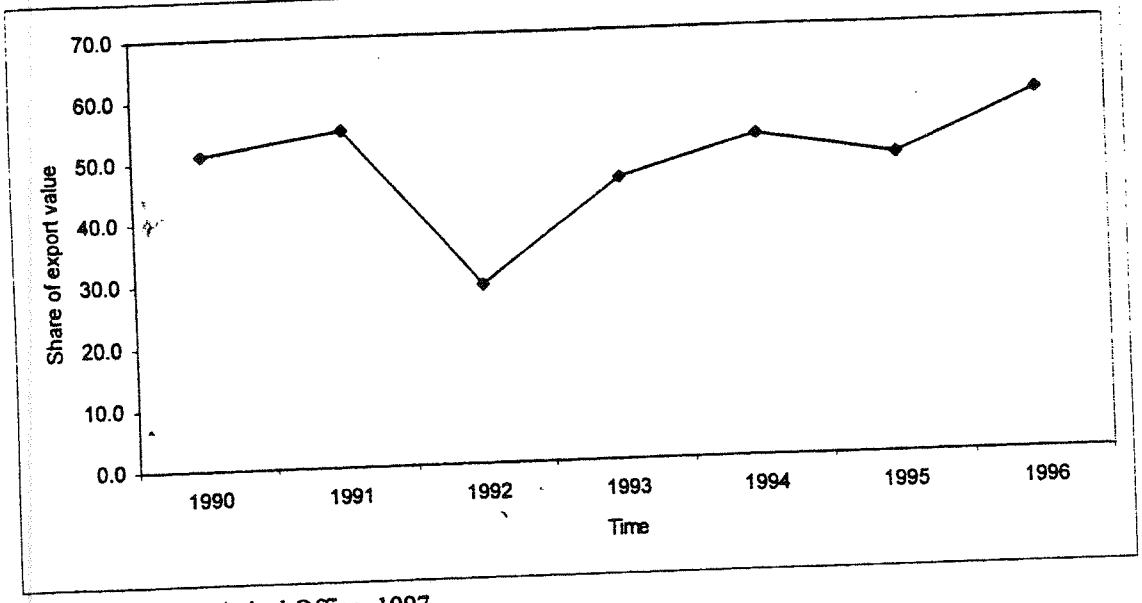
Source CSO (1997)

The economic diversity evident in figure 1.3.2 is partly a product of Zimbabwe's isolation during the 1960s and 1970s. During that period, local manufacturing was promoted to provide goods that were not available in the country. Following independence, government tried to sustain employment and output in manufacturing

[1] In 1990 prices.

by protecting the sector from imports and increasing government ownership of manufacturing concerns. These policies prolonged inefficiencies in many industries and eventually led to the retrenchments and restructuring of the 1990s.

Figure 1.3.2 Share of Agricultural Exports 1990-1996



Source: Central Statistical Office, 1997

Economic Activities

The changes that took place in the Zimbabwean economy during the 1990s had a major impact on employment and the potential for generating incomes from different activities. About 80 percent of workers in urban areas of Zimbabwe are either permanent or temporary employees. This figure is quite high for a low-income country and indicates dependence on formal-sector employment. A substantial portion of urban residents also consists of own-account workers, although the share of own-account work in Zimbabwe is lower than is typically found in a low-income country. These urban own-account workers are mostly confined to the informal sector, where remuneration is likely to be low (see Annex E table E.1.1).

1.3.2 Agriculture, Land and Drought

Zimbabwe is primarily a rural country, as about 67 percent of the people live in rural areas. The rural economy is dominated by agriculture. The share of agriculture in GDP is however, lower than its share of employment. Productivity and incomes in agriculture are thus lower than in other sectors of the economy. In fact, most poverty studies have found that, partly because of the low income-generating potential of agriculture, poverty is much more prevalent in rural areas of Zimbabwe than it is in urban areas (World Bank, 1996; MPSLSW).

Agriculture in Zimbabwe has two broad distinguishing factors: natural regions and land use. (See box 1). The majority of people in rural areas are engaged in communal farming, characterised by low productivity and minimal use of purchased

inputs and capital. Resettlement areas represent an attempt by government to address land distribution problems by resettling the rural poor on under-used commercial farmland (see box 2).

Government policy towards agriculture since independence paralleled its treatment of social sectors. Immediately after independence, government formulated policies designed to address the imbalances created by colonialism. The major focus of agricultural policy following independence was to achieve equity and efficiency gains through the reallocation of land to smallholder producers, development of marketing infrastructure and marketing services for smallholder producers, and re-orientation of research and development and extension services towards the needs of smallholders.

Box 1: The Natural Regions of Zimbabwe

Zimbabwe has five natural regions distinguished by annual rainfall and productive potential of the soils. Intensity of farming activities varies across these natural regions.

Region one *(specialised and diversified intensive farming)*: The region receives more than 1000 mm of rainfall per annum. The main agricultural activities include forestry, fruit production and intensive livestock rearing. It covers 7 000 km^2 (less than 2% of total area).
Region two *(Intensive farming):* The region receives between 750-1000mm of rainfall per annum. It specialises in crop farming and intensive livestock breeding, and covers 58 600 km^2 (15% of total area).
Region three *(semi-intensive farming):* It receives between 650-800mm of rainfall per annum and specialises in livestock breeding, fodder and cash crops. It has marginal production of maize, tobacco, and cotton and covers 72 900 km^2 (19 % of total area).
Region four (extensive farming): NR IV receives 450-650mm of rainfall per annum. It specialises in extensive livestock breeding and drought-resistant crops. It covers 147 800 km^2 (38 % of total area).
Region five (semi-extensive farming): The region receives too low and erratic rains for even drought-resistant crops. It specialises in extensive cattle and game ranching and covers 104 400 km^2 (27 % of the total area).

The policies resulted in impressive increases in agricultural output in communal and resettlement areas, and growth in incomes for some of the poorest producers. Real agricultural output grew at about 4 percent per year through 1987, with much of the growth attributable to smallholder farms. Since the late 1980s, however, growth in agriculture stagnated, leading to lingering questions about whether the expansion during the 1980s was a one-off phenomenon achieved by transferring technologies and services to previously neglected areas (Eicher). During much of the past decade, government support to agriculture moved away from core services (research, extension, pest and animal disease control, and agricultural education), towards subsidies to producers and consumers, support to loss-making parastatals, and short-term drought-relief measures. Dwindling support to core services may account for the slowdown in agricultural growth.

Subsidies to grain millers and (largely urban) consumers accounted for about 70 percent of the Ministry of Agriculture expenditure in 1991-93, while drought relief exceeded the research budget in 3 out of 4 years between 1992 and 1994[2]. Drought

[2] The lion's share of the subsidies on food products during the 1980s and early 1990s did not reach the poor due to lack of targeting, and allocation of expenditure away from core functions may have compromised long-term efforts to use agriculture as an engine of poverty reduction.

relief measures were clearly needed but much of the expenditure was achieved by reducing other high-priority expenses.

Drought has become a regular feature of Zimbabwean agriculture, and drought prevention and relief should occupy a permanent position in government planning.

Box 2: Land Reform and Resettlement

During 1980-84, 35 000 households were settled by government on approximately 2 million hectares of land. Since 1984, about 20 000 additional households have been resettled. Most of the resettled households were among the poorest in the country prior to resettlement, and it was hoped that allocation of fixed quantities of land, and provision of agricultural support services to these areas would help alleviate poverty among the rural households with very little or no land. Evidence shows that some gains have been made by resettled households, but that resettlement areas still suffer from pervasive poverty.

Government recently announced plans to acquire additional commercial farmland for the Settlement Programme (for indigenous commercial farmers with the resources and experiences to make productive use of the land), and for the Resettlement Programme (for the benefit of those in communal areas and war veterans who may not have adequate access to land). Government also intends to pursue market mechanisms in the context of land acquisition. As part of the exercise, a land tax will be introduced. The tax is meant to act as a catalyst for changing incentives. It will discourage individuals from holding under-utilised land and it is hoped that the tax will bring more land into the market. Government would like to see a goal of intensive utilisation of the land being realised, and the land tax should improve intensity of use.

Brief Overview of Land Distribution and Use

Large-scale commercial farms are spread through all natural regions of Zimbabwe. These farms are likely to be extensive operations, producing drought-resistent crops such as millet and sorghum for sale, and running herds of cattle and goats. Communal areas represent more than 85 percent of households in the lower-potential

Table 1.3.1 Distribution of Rural Households by Land Use Area and Natural Region

Natural Region	Communal Areas	Small-scale Commercial Farms	Large-scale Commercial Farms	Resettlement Areas	Total
Region I	38.3	7.7	54	-	100
Region II	57.2	5.1	34.7	2.9	100
Region III	86.3	-	5.6	8.1	100
Region IV	92.8	3.0	3.1	1.0	100
Region V	79.5	-	19.2	1.3	100
All Rural	73.7	3.5	19.9	2.9	100

Source: 1995/96 ICES. These numbers are households, and since LSCFs and SSCFs can have many households on a single farm, the table can not be used to determine the number of farms.

regions III and IV (table 1.3.2). Although 38 percent of the *households* in NR I and 57 percent in NR II are in communal areas, it cannot be concluded that large proportions of land in NRs I and II are held in traditional tenure.

Most of the land in high-potential Natural Regions I and II is commercial farmland (table 1.3.2). The majority of the households and land in low-potential Natural Regions IV and V are communal. These regions represent around 65 percent of Zimbabwe's land area (see box 1), but most of this land is used for grazing and communal woodlands. Household land holding sizes for communal and resettlement farms tend to be relatively constant across natural regions.

Communal lands are allocated to households using traditional rules. Since most communal cultivation is by hand-hoes and animal-drawn ploughs, households are limited in their ability to engage in extensive production and holding sizes are fairly uniform across the country. Since land quality varies significantly across natural regions, patterns of poverty are likely to follow natural regions. Households outside NRs I and II that depend on agriculture are more likely to be poor than households in

Table 1.3.2 Distribution of Land by Natural Region and Land Use.

Natural Region	Large scale commercial farms	Small scale Commercial Farms	Communal Areas	Resettlement Areas	Total
Region I	54.0	1.9	36.0	8.0	100
Region II	63.9	3.9	22.0	10.2	100
Region III	34.8	6.3	40.8	18.0	100
Region IV	22.0	4.3	66.4	7.3	100
Region V	31.1	1.2	59.9	7.8	100

Source:Rukuni Mandivamba . Zimbabwe: Report of the Commission of inquiry into appropriate agricultural land tenure systems October 1994.

Table 1.3.3 Mean Holding Size (in hectares), Communal and Resettlement Areas, by Natural Region

Natural Region	Communal Areas	Resettlement Areas
Region I	1.03	-
Region II	1.75	3.85
Region III	2.10	3.88
Region IV	2.00	4.85
Region V	2.08	4.90

Source: 1995/96 ICES

NRs I and II. In addition, poverty status of the household will be determined by the number of workers and dependants per household rather than holding size. Finally, it is expected that households with access to off-farm income in CAs and RAs will be less likely to be poor than other households without access to such income.

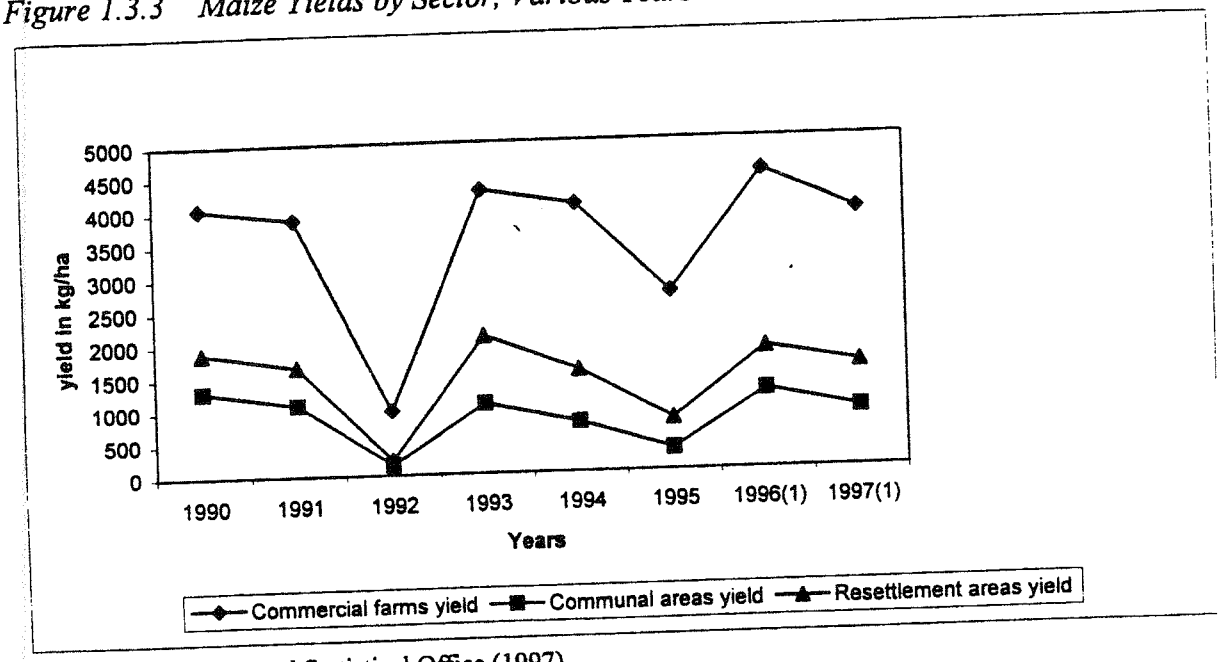
Resettlement area households represent a small proportion of rural households and are mostly confined to regions II and III. Both communal areas and resettlement farms have a relatively constant mean holding size across natural region and province (table 1.3.4). This result is not surprising in that households in RAs were allocated a fixed area (5 hectares) regardless of the land's potential.

Agriculture and Drought

Zimbabwean agriculture is highly dependent on rainfall. Most of the communal and resettlement areas depend entirely on rainfall for crop production. Large and small scale commercial farms usually have irrigation facilities but this irrigation potential is limited. Dependency on rainfall makes the sector and the entire economy highly vulnerable to drought.

In 1992, Zimbabwe experienced one of the most severe droughts in decades which also affected the whole of Southern Africa. The drought had a major impact on the entire economy but its impact on agricultural earnings was even more dramatic. Agriculture's contribution to GNP fell from about 14 percent to less than 7 percent.

Figure 1.3.3 Maize Yields by Sector, Various Years



Source: Central Statistical Office (1997).

Land quality, rainfall and access to irrigation make commercial farms more productive than communal and resettlement areas, and less prone to drought. Maize yields on commercial farms are more than double yields on resettlement and communal farms (figure 1.3.3). These higher yields are reflective of the better-quality soils and higher productive potential of SSCF and LSCF areas, and of higher capital usage on commercial farms.

Communal and resettlement areas are also relatively more sensitive to abnormal rainfall than commercial farms. As seen in figure 1.3.3, there were major declines in output in all land use areas in both 1992 and 1995. The relative declines in maize yields on RAs and CAs during 1992 and 1995 far surpassed the declines on commercial farms. Thus, households in CAs and RAs were likely to have suffered more from the drought. The impact of the drought on RAs and CAs is likely to have been worse than is indicated by their losses in maize[3]. Yields of irrigated crops did not

[3] Maize is rarely grown under irrigation even on commercial farms.

fall as much as those of maize did during these drought years. The maize yield decline, which is shown to be relatively worse in RA and CA farms, had a larger relative impact on total revenue from agriculture in RAs and CAs because maize constitutes a larger share of acreage and revenue for these households. Thus RAs and CAs were likely to be much more adversely affected by the droughts than commercial farms.

The drought of 1995 is likely to have affected both incomes and consumption expenditures, especially in communal and resettlement areas. Results from household surveys, such as the ICES 1995/96, which was conducted from July 1995 to June 1996 are likely to reflect these declines. Estimates of poverty from such surveys are thus likely to be higher than they would be in a "normal" crop year.

The drought had a longer-term impact on rural poverty via its impact on livestock as livestock numbers fell dramatically following the 1992 drought. Some of these declines are attributable to deaths and some to distress sales. Herd sizes recovered strongly in 1994, levelled off in 1995 and are likely to have fallen again in 1996, following the 1995 drought. Livestock is a major form of wealth storage, especially for poor households, and the drops in livestock numbers are likely to have an adverse effect on rural poverty.

Because it occupies such an important position in the economy of Zimbabwe, agriculture needs separate attention in a study of poverty. Indeed, other analyses of poverty (specifically World Bank, 1996; MPSLSW; and Kinsey) have examined rural poverty and revealed a number of findings. These include:

- a high prevalence of poverty in RAs and CAs;
- lower prevalence of poverty in LSCFs, but serious reservations about the distribution of the poor within LSCFs (see, particularly, World Bank, 1996, for a review of the issues);
- access to land, per se, is not closely associated with poverty status in rural areas; and,
- the ability to accumulate assets largely determines the poverty-reducing potential of agricultural areas dependent on rainfall.

Some of these findings will be investigated in detail below.

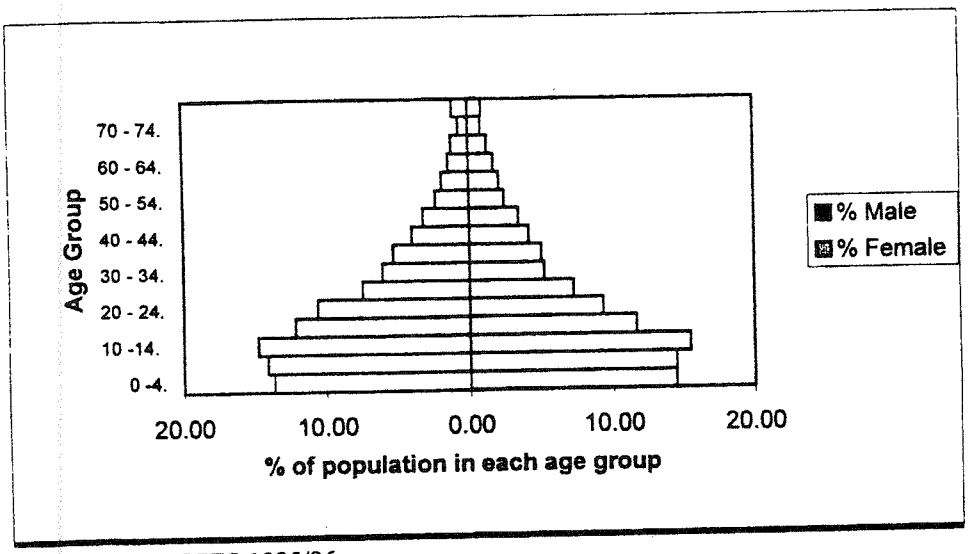
1.4 Human Resources and Social Services in Zimbabwe

1.4.1 Population and Demographics

The population pyramid for Zimbabwe is broad-based and narrow at the top (figure 1.4.1). About 44 percent of the population are below the age of 15, which means that there is a large proportion of young children relative to adults. There are more people in the ten to fourteen year age group than there are in any other age group. This is probably due to increased fertility as a result of political stability following independence in 1980.

The age-sex structure implies a young and growing population. The fact that a large percentage of the population is young and economically dependent has economic implications for savings and the provision of public services. Zimbabwe, therefore, requires high social spending as young and old people are intensive users of public services like education and health. The provision of public services is strained because there are many users and a relatively small base of earners that can pay for the infrastructure and services. Savings are also low when the population is young. The considerably high population growth of 3.1 percent implies a strong need for a high rate of economic growth to reduce poverty.

Figure 1.4.1 The Population Pyramid for Zimbabwe



Source: ICES 1995/96

Trends in dependency ratios[1]

The Zimbabwean dependency ratio has shown a downward trend since 1982. In 1982, the dependency ratio was 102.9 and in 1994 it was 94.4.[2] While the downward trend indicates declining dependency, it should be noted that this dependency ratio

[1] The dependency ratio is defined as the sum of all persons under 15 years of age or over 64 years of age divided by the number of persons aged 15 – 64, multiplied by 100. It is a demographic concept of dependency that is consistent with international definitions.

[2] According to the population census.

does not capture other considerations like unemployment, diseases such as AIDS and the fact that other people who are above 16 years may still be in school. Little is known about the economic dependency ratio.

There is higher dependency in rural areas where the ratio is 108 than in urban areas where it is 62[3]. A high dependency ratio is associated with more poverty, since it implies that there are relatively more dependants than there are workers. As a result, people in rural areas are more likely to be poorer than their urban counterparts.

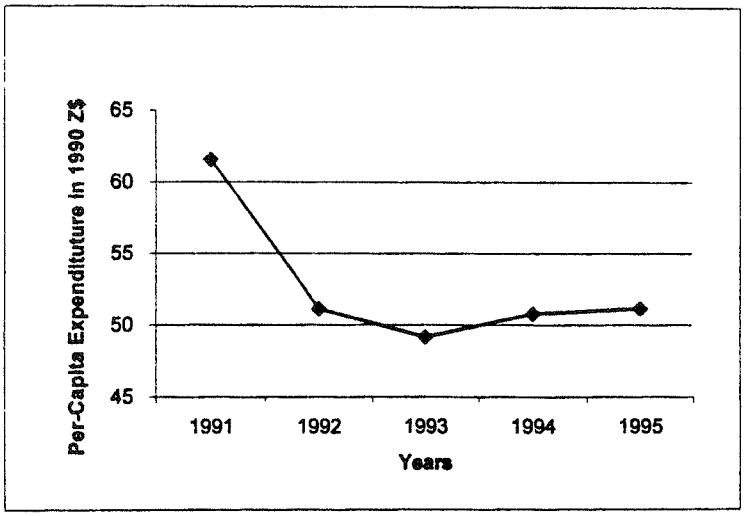
Zimbabwe is mostly a rural country. Thirty-seven percent of the households in Zimbabwe are found in urban areas and 63 percent are in rural areas. Large households are more prevalent in rural than in urban areas. The mean household size is 4.6. The rural and urban mean sizes are 4.9 and 4.1, respectively.

1.4.2 Health

For nearly a decade after independence, Zimbabwe made impressive gains and consistent progress in health and nutrition. Government's health focus emphasised primary and preventive health care, notably maternal and child health, nutrition, and family planning. As a result of government investment in primary and preventive health, the infant mortality rate (IMR)[4] dropped from about 100 to 50 between 1980 and 1988; and child immunisation coverage rose from 25 percent to 80 percent for the same period.

The prevalence of malnutrition dropped over the same period from 22 percent to 12 percent. Since 1991, Government has pursued efficiency by adopting least-cost means of health care provision and reallocating investment from expensive tertiary-based care towards cost-efficient primary health care.

Figure 1.4.2 Trends in Real Government Expenditure on Health



Source: Ministry of Health, *The National Health Profile 1995*

[3] According to the 1995/96 ICES.

[4] Infant mortality rate is defined as the number of infants who die before attaining the age of 1 year per 1000 live births in a given year.

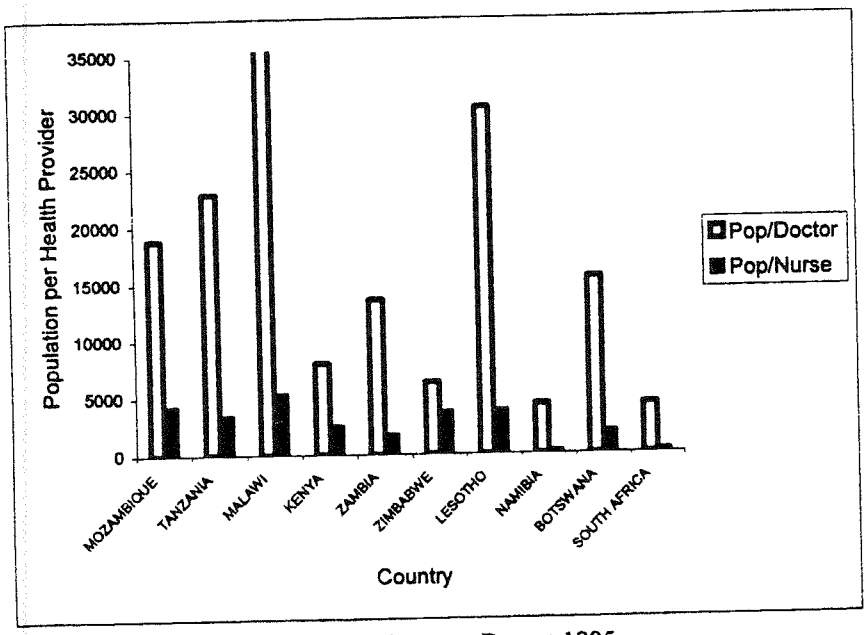
Government Expenditure on Health

From 1980 to 1988, health expenditures rose by 94 percent in real terms and 48 percent in real per-capita terms. As a percentage of Gross Domestic Product (GDP) health expenditure increased from 2.2 to 3.0 percent by the end of the decade. Real per-capita expenditure by government and other health service providers has been decreasing through the 1990s (figure 1.4.2). Real per-capita expenditure declined from $61 in 1991 to $51 in 1995, and has consistently remained below the 1991 level. The real per capita spending decline in the 1990s occurred against a backdrop of sharply rising health care demand partly because of HIV/AIDS.

Health Personnel

Zimbabwe is better off than some other countries in the region in terms of the population catered for by medical personnel, despite the recent declining public expenditure. Only Namibia and South Africa have lower population per doctor ratios than Zimbabwe, whilst the population per nurse compares well with that of the other nations (figure 1.4.3).

Figure 1.4.3 Population per Medical Provider, Zimbabwe and Selected Countries in the Region

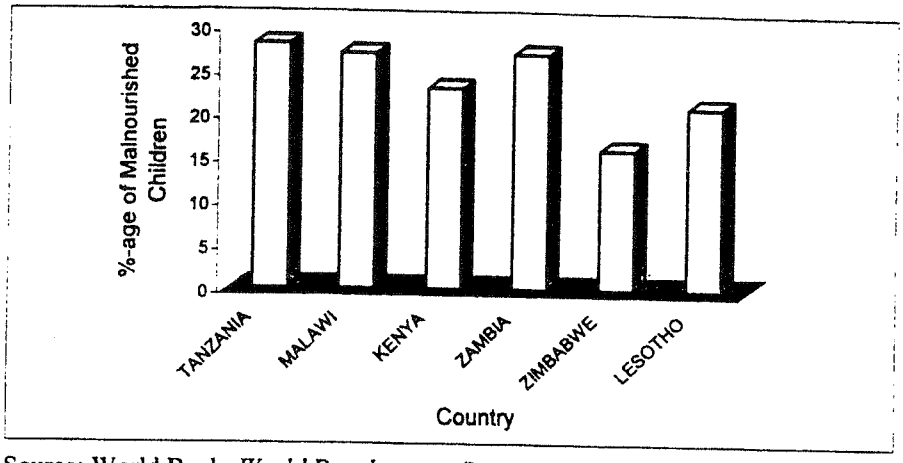


Source: World Bank, World Development Report 1995
Note: Malawi has a population of 76 800 people per doctor.

Malnutrition and Infant Mortality

Zimbabwe has made great strides in reducing child malnutrition especially compared to neighbouring countries (figure 1.4.4). Malnutrition generally showed a downward trend between 1990 and 1995 but rose in 1992 probably due to the drought (figure 1.4.5).

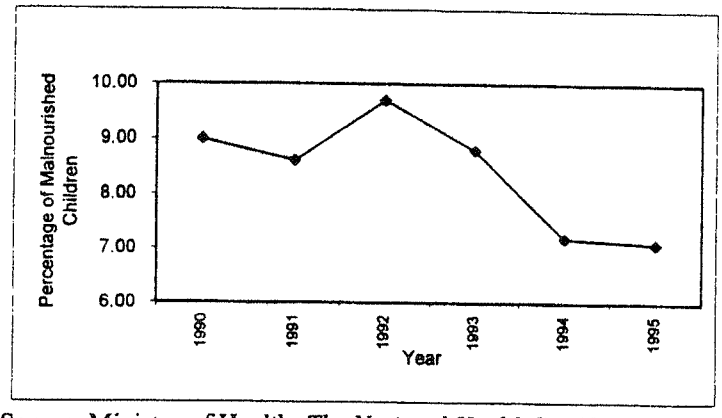
Figure 1.4.4. Child Malnutrition in Zimbabwe and Selected Countries in the Region



Source: World Bank, *World Development Report 1995*

Both the infant and child mortality rates (IMR and CMR) peaked during the late 1970s and then began a steady decline through much of the 1980s. IMR reached a low in 1988 of 49 per 1000 live births and CMR fell to 75 (ZDHS, 1988). From then on, both indicators ceased to decline, and the ZDHS IMR rate for 1994 rose slightly to 53 (ZDHS, 1994).

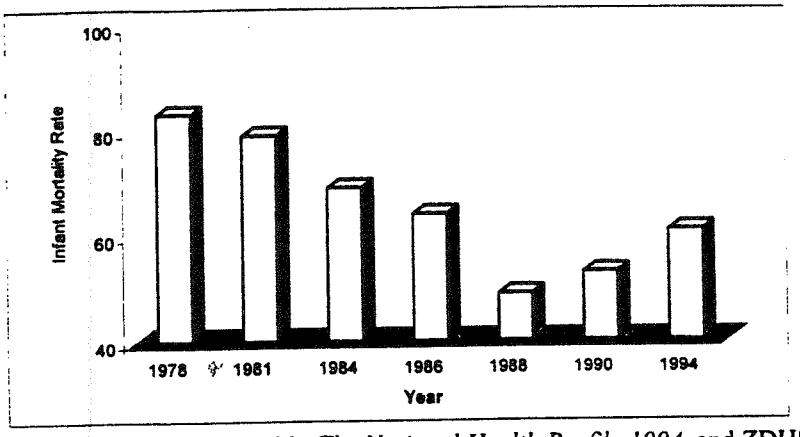
Figure 1.4.5. Trends in Child Malnutrition for Zimbabwe



Source: Ministry of Health, *The National Health Profile 1995*

Current infant mortality rates for Zimbabwe compare well with other countries in the region. Only Kenya has a slightly lower IMR among the countries with less per-capita GNP than Zimbabwe. Lesotho has a higher per-capita GNP, yet its IMR is higher than that of Zimbabwe (figure 1.4.7).

Figure 1.4.6 Trends in Infant Mortality Rates for Zimbabwe



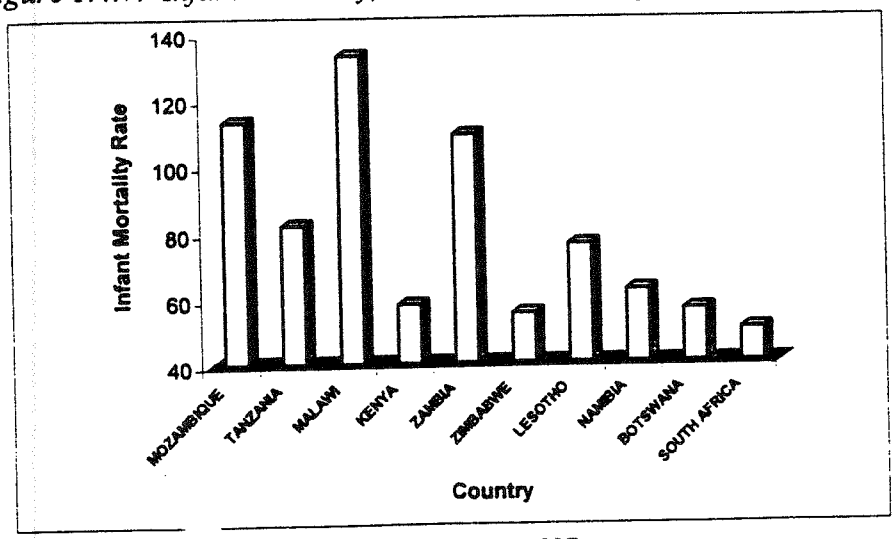
Source: Ministry of Health, *The National Health Profile 1994*, and ZDHS 1994

The Aids Epidemic

Zimbabwe faces challenges in areas of communicable infections, parasitic, respiratory, maternal and peri-natal conditions. The Human Immuno Virus (HIV) and Acquired Immune Deficiency Syndrome (AIDS) pandemics have taken a heavy toll on morbidity and mortality. Preserving the health gains Zimbabwe has made to date will require an aggressive and far reaching campaign against the pandemics.

The prevalence of AIDS and related cases has shown an upward trend in recent years. This trend has implications for the well being of many households in that there is loss of breadwinners, increased dependency and increased health care expenses. Also the effect of the AIDS epidemic will soon be felt on the economically productive population, e.g. by way of low worker productivity and a shrinking skills base or both. In addition to the direct medical costs of AIDS, huge indirect costs will disproportionately fall on women as they are the major caregivers to the ill and as caretakers of AIDS orphans.

Figure 1.4.7. Infant Mortality, Zimbabwe and Neighbouring Countries in 1995



Source: World Bai World Development Report 1997

Implications on Health Outcomes

Although Zimbabwe's health infrastructure and health outcomes compare favourably to other countries in the region, there is need to analyse the decline in public expenditure on health and the effect it has on the health status of the poor. Zimbabwe has made impressive advances in its health care system since independence, but there is reason for concern due to increasing pressure on the system in recent years. Recent increase in IMR and AIDS epidemic are two troubling trends in health outcomes.

Among other things poor harvests, low economic performance and shrinking government investment in the health sector have reduced public and household resources available for basic health care. There is also need to examine closely the accessibility and affordability of health facilities by the poor.

Water and Sanitation

Access to good-quality housing, clean drinking water and sanitation facilities affects the overall well being of households and particularly their health status. Poor quality housing and water and sanitation services not only indicate poor living conditions but also help perpetuate the vicious cycle of poverty. Poor living conditions are associated with more frequent illness, malnutrition, and overall discomfort that lower earning potential among adults and adversely affect a child's ability to learn.

Table 3.2.2 Access to Sanitation by Urban/rural

Type of facility	Place of Residence (% households)		
	Rural	Urban	All Zimbabwe
Toilet			
Flush	3.9	95.2	37.4
Blair toilet	36.4	1.5	23.6
Pit latrine	13.1	2.5	9.2
None	45.4	0.4	28.9
Other	1.2	0.3	0.8
Total	**100%**	**100%**	**100%**
Water			
Safe water[a]	67.2	99.1	78.9
Specific Water Sources			
Piped inside house	2.4	33.9	14.0
Piped outside house	5.0	60.6	25.4
Communal tap	15.4	3.6	11.1
Borehole	52.5	1.0	33.6
Unprotected well	14.6	0.8	9.6
River/Stream	9.4	0.0	6.0
Other	0.7	0.0	0.4
Total	**100%**	**100%**	**100%**

Source: 1995/96 ICES. Access to safe water is defined as either piped water inside household, or piped water outside household, communal tap, protected well, or borehole within 1 km of the household.

Sanitation is clearly better in urban than in rural areas. Flush toilets are almost exclusively found in urban areas while more than 45 percent of households in rural

areas have no toilet at all. Ninety-four percent of households in urban areas have access to piped water, while only seven percent of rural households do. About 33 percent of rural households rely on water supplies that are unsafe, according to Ministry of Health conventions (table 3.2.2); virtually no urban households have unsafe water.

In rural areas, households in communal areas are least likely to have good quality sanitation and water. Nearly 53 percent of households in CAs have no toilet and more than 30 percent receive their water from unprotected wells or a surface water supply (table 3.2.3). In contrast, resettlement areas are bestowed with reasonably good water supplies and sanitation. Access to safe water in RAs is far better than the rural average, and about 53 percent of the houses there have a Blair toilet.

Table 3.2.3 Access to Sanitation by Land Use Area, Rural Zimbabwe

Type of facility	Land use (% households)			
	Communal Areas	**Small-Scale Commercial Farms**	**Large-Scale Commercial Farms**	**Resettlement Areas**
Toilet facility				
Flush	1.0	8.2	14.4	0.2
Blair toilet	33.0	44.6	45.3	53.2
Pit latrine	12.5	24.6	14.7	4.6
None	52.8	22.5	22.5	41.9
Other	0.8	0.0	3.0	0.2
Total	**100%**	**100%**	**100%**	**100%**
Water				
Safe water[a]	59.0	72.1	95.3	76.9
Specific Water Sources				
Piped inside house	0.6	3.3	9.2	0.2
Piped outside house	2.8	8.7	12.6	1.4
Communal tap	2.7	7.6	65.8	0.0
Borehole	62.8	56.0	8.2	91.5
Unprotected well	18.4	19.2	1.5	3.3
River/Stream	12.0	4.5	1.6	3.7
Other	0.6	0.7	1.0	0.0
Total	**100%**	**100%**	**100%**	**100%**

Source: 1995/96 ICES. [a] Access to safe water is defined as either piped water inside household, or piped water outside household, communal tap, or borehole within 1 km of the household.

On average, households in LSCF areas have the best sanitation; about 60 percent have flush or Blair toilets, and about 15 percent have pit latrines. The majority of households in LSCF areas are served by piped water or communal taps.

Implications on Poverty Analysis

Issues of interest for poverty analysis include:

- an analysis of the frequency of illness and of the type of health facilities visited by the poor;
- distance travelled by the poor for health care;

- proportions of total consumption expenditure going to health care by the poor, and the share of transfers in these expenditures. This analysis will provide information about the impact of cost recovery measures on the poor and the degree to which poverty-oriented transfers lessen these impacts; and
- analysis of the incidence of benefits of social expenditure on health.

1.4.3 Education

One of the major determinants of a nation's well being is the educational status of its human resources. Efforts towards poverty eradication yield more benefit in a literate society as the society tends to appreciate the need for change in their life styles.

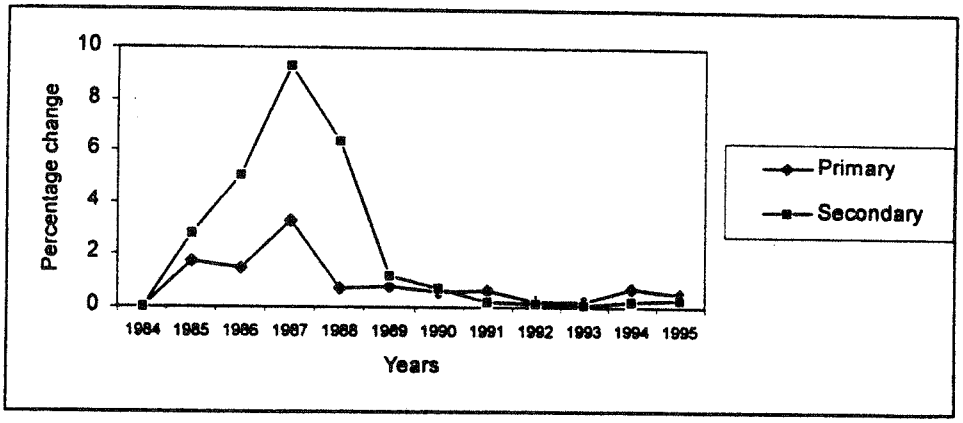
Inputs into Education

Zimbabwe's education sector grew rapidly after independence particularly in the early 1980s, and stabilised thereafter (figure 1.4.8). The rapid expansion was due to several factors:

- the need to remove pre-independence imbalances;
- increased accessibility to education as a result of government's free education policy; and,
- the need to clear the backlog caused by closure of schools during the war and bottlenecks that existed and limited progression from one level to the other.

The rapid expansion of primary school infrastructure and enrolment led to an even higher growth rate of secondary and tertiary education. The expansion in tertiary education infrastructure was mainly a consequence of Government's endeavours to cope with the increasing demand for qualified teachers and other trained personnel at all levels of the education system and other sectors.

Figure 1.4.8 Annual Growth in Numbers of Primary and Secondary Schools



Source: *Zimbabwe Basic Facts on Education*, Ministry of Education, Sport, and Culture (MOESC) and United Nations Children's Fund (UNICEF), 1997

National government expenditure on education has, however, been steadily declining in real terms over the years (figures 1.4.9 and 1.4.10). Nevertheless, this trend in public expenditure does not seem to have had an impact on access to education as school enrolments have continued on an upward trend (fig 1.4.11). A major explanatory factor could be the involvement of communities in the provision of

infrastructure such as classrooms and teachers' houses. It is Government policy that communities, through school development committees, participate in school infrastructure development projects.

Box 3: Education – the key to Zimbabwe's Human Development Strategy

Zimbabwe has always considered human resources development a central component of its development strategy. Considerable resources have been allocated to this sector since independence, and its achievements in education put it at, or, near the top in rankings of African nations for most indicators.

The strategy of human resources development through investment in education was realised through the key fiscal and policy measures.

Fiscal measures

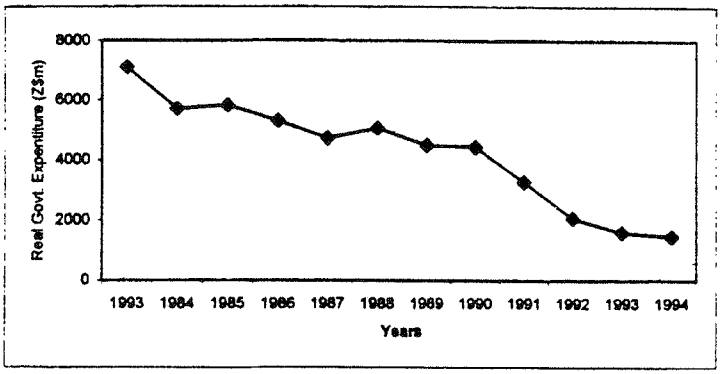
- Since independence education has been among the top three priority sectors (which include defence and health) in government budget allocations.
- In the face of a shrinking revenue base, the largest component of the education budget is going towards teachers' salaries and this component has been increasing over the years. Government has also taken over the responsibility to pay teachers' salaries from all school authorities so that they could divert their resources towards infrastructure development and quality service provision.

Policy measures

- Zimbabwe abolished primary school fees at independence, but reintroduced them in urban schools in 1992 as a fiscal measure.
- Education infrastructure development was decentralised and the burden to provide and maintain the infrastructure was shifted to rural district councils (RDCs) and school development committees (SDCs). The establishment of these new structures encouraged community participation in the construction and maintenance of schools.
- Despite the need to reduce the civil service, the teaching posts at all levels were exempted from the restructuring exercise. This has helped maintain constant primary school teacher-pupil ratio of 1:39 and 1:28 for secondary schools over the economic reform period.
- It is Government policy that all children of school-going age be enrolled in school. Poor results at any intermediary examinable grade should not hinder the progression of the child to the next level. The previous policy that did not allow children with poor results at an intermediary level to proceed to the next level has been the key factor for high drop out rates in the past.
- The Government put in place social safety nets to assist vulnerable groups with the payment of school and examination fees in secondary and urban primary schools. Households with monthly incomes below Z$400.00 qualify for assistance under these social safety nets.
- In order to protect children from dropping out of school due to financial constraints, it is also policy that no child should be sent away from school due to failure to pay school costs. Instead, the school authorities should deal with the parent, not the child.
- The provision of university education, which used to be the domain of Government, was opened to other providers. The roll of the church is now increasing in this subsector of education.

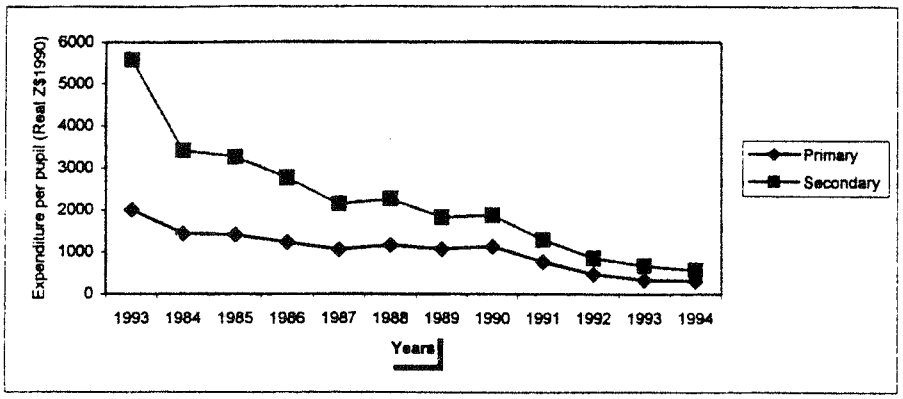
All these and other fiscal and policy measures have been pivotal for the continued increase in school enrolments and expansion of infrastructural base of the education system. There are also deliberate efforts to equity in the sector which was once characterised by racial and class barriers.

Figure 1.4.9 Trends in Real Government Expenditure on Education



Source: Zimbabwe Basic Facts on Education, MOESC and UNICEF (1997)

Figure 1.4.10 Trends in Real Per Pupil Government Expenditure on Education



Source: *Zimbabwe Basic Facts on Education*, MOESC and UNICEF, 1997

Enrolments and Educational Outcomes

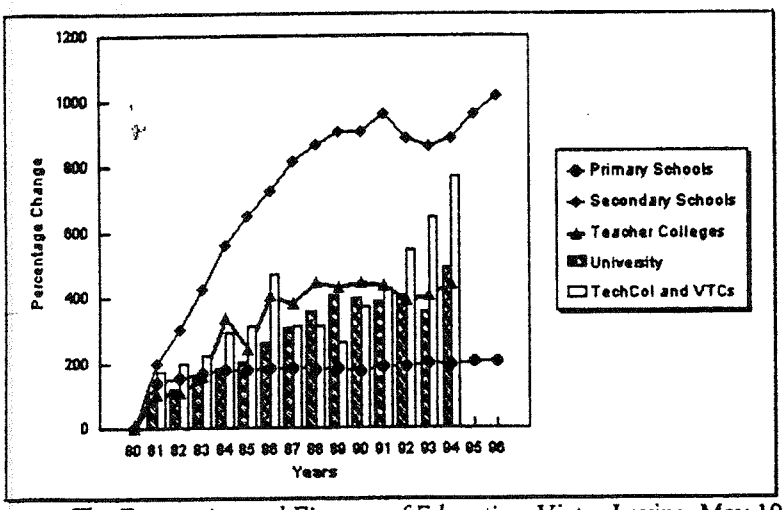
Despite the recent downward trend in Government expenditure on education, education infrastructure and school enrolments continued to grow without causing pressure on the system. Most of the funds allocated to the sector were being increasingly channelled towards salaries and expenses of teachers and administrators in the sector.

The channelling of more resources towards the recurrent needs of the sector in support of decentralisation of finance for capital educational infrastructure enabled the sector to continue growing. The trend of declining government expenditure on infrastructure could have resulted in the collapse of the education system if Government had not adopted the policy to decentralise the provision of infrastructure to the communities.

School enrolment status of children in various poverty categories is of significance for educational policy formulation as well as in the design of targeting mechanisms for development programmes and assistance. The two widely used indicators for measurement of differences in the enrolment status of children are gross and net

enrolment ratios. Gross and net primary school enrolment ratios (GER and NER)[5] remained high during these years, i.e. they remained far above the NERs, despite the continued cuts in public expenditure on education and cost recovery introduced in secondary and urban primary schools in the 1990s. Teacher-pupil ratios in both primary and secondary schools remained generally constant at about 39 and 27 pupils per teacher, respectively.

Figure 1.4.11 Dynamics in Enrolments Since 1980



Source: *The Economics and Finance of Education*, Victor Levine, May 1996
Zimbabwe Basic Facts on Education, MOESC and UNICEF, 1997

Implications

Education has undergone massive restructuring. The impact of this restructuring on the poor is, however, largely unknown. There is need, therefore, to:

- examine the impact of the restructuring in education on the poor. The relationship between poverty and education needs to be examined in detail.
- examine poverty groups by place of residence in terms of gross and net enrolment ratios, age-grade mismatch, proportion of household expenditure on education, etc..
- establish the average cost of schooling at various education levels and by poverty group in order to assist Government rationalise its assistance package to the poor.
- carry out a benefit incidence analysis to establish the proportion of public expenditure reaching the poor.
- examine the impact of decentralisation on access to schooling by the poor.

[5] **Gross primary enrolment ratio** – is the proportion of all children in school to the number of children of school-going age group (ages 6-19 in Zimbabwe). A high primary school GER (GER >100) implies that either children overstay in primary school, or, they are enrolled late. This translates to high age-grade mismatch. A lower ratio implies that all children in primary school are of primary school-going age.
Net primary enrolment ratio is the proportion of children of primary school-going age in primary school to the total number of children of that age group in and out of primary school.

2. POVERTY PROFILE FOR ZIMBABWE 1995/96

2.1 Poverty Concepts and Measurement

Measures of Well-being and Welfare

Poverty studies attempt to assess or measure well-being and establish a level of measured well-being at which a person can be said to be poor, and make comparisons of well-being across subgroups of the population. Poverty is generally defined as the inability to attain a level of well-being constituting a realistic minimum as defined by society. Some studies utilise money-metric measures of well-being while others use non money-metric approaches. Among money-metric measures are income, and consumption expenditures adequately deflated to reflect differences in needs across households.

Money-metric approaches allow quantification of the depth and severity of poverty and allow consistent comparisons to be made across subgroups of households. For example, specific information can be generated about the size of the transfer to the poor necessary to eliminate poverty (the poverty gap). Or, for specific groupings of households, measures of the size of the shortfall of welfare below the poverty line can be obtained. Money-metric approaches also can be used to quantify the degree of inequality among household groups.

Non money-metric means of examining poverty also exist. They include measures of access to social services, qualitative assessments, and participatory assessments. Non money-metric approaches can provide rich detail about the poor, the conditions they face, and some non-financial dimensions of poverty. They recognise that poverty is a social state that cannot often be defined in terms of dollars alone. Non money-metric measures do not allow the analyst to quantify the depth and severity of poverty. They also have limitations for tracking changes in poverty over time or making comparisons between population sub groups. For example, if there is information on access to services over time, without a precise means of identifying "poor" households or regions and quantifying their access to these services, changes in access over time or space will be difficult to interpret.

A combination of money and non-money metric approaches will be used in this report. The report's primary measure of well-being – consumption expenditures – will be used to quantify the prevalence, depth, and severity of poverty. In addition, comparisons will be made between poor and non-poor households in terms of household characteristics, asset ownership, access to social services, and other factors. The money-metric measure of welfare - consumption expenditures - provides the base upon which the analysis is built.

Measures of Welfare: Incomes, Wealth and Consumption Expenditures

To measure and compare poverty among subgroups, a means of ordering and quantifying household well-being is needed. There are several money-metric options for such measurement including household income, wealth, expenditures, and consumption. These operational measures are often selected for convenience (ease of

collection), or availability (in a given survey), but the critical issue is how closely the measure corresponds to the concept (well-being).

Most poverty analysts prefer current consumption expenditures to income or wealth as an indicator of well-being. Wealth and income form the basis over which an individual or household commands resources. These resources are transformed, either through market transactions, or household production, into commodities that are consumed. This consumption, then, determines well-being, so that the value of consumption is most closely aligned with the money-metric concept of well-being.

It is generally recognised that wealth and income are more difficult to measure than expenditures or consumption, especially in a developing-country context. Wealth is difficult to measure because measurement requires valuation of assets including real property, household assets, and livestock; few surveys provide such details. Even if the survey covered all assets owned by the household, it would be difficult to *value* the assets without detailed information on their attributes. Markets for many assets are thin or non-existent; imperfect markets compound the problem of asset valuation.

Income, especially when large proportions are derived from the informal sector or through sporadic activities, can be difficult to measure. Recall problems, either due to the irregularity of earnings or strategic responses on the part of respondents, can increase the difficulty of measurement. Measurement of income from household enterprises requires careful distinction between net incomes and changes in the asset value of the enterprise. Few informal enterprises in a developing country possess the accounting skills necessary to determine net enterprise income.

Finally, income tends to fluctuate both seasonally and due to the vagaries of the production cycle. Seasonal and annual fluctuations in income are normal in rain-fed agriculture, and rain-fed agriculture dominates rural Zimbabwe. Typically, the poor can smooth consumption through savings, storage, insurance schemes, etc., so that consumption (and well-being) will fluctuate less than incomes. Ravallion (1994) concludes that: a) current consumption is almost certainly better than current income as an indicator of current standard of living; and, b) current consumption may also be a good indicator of long-term standard of living.

The choice of the best indicator may also depend on other constraints such as survey structure and timing, but there is little doubt that consumption expenditures are preferred when compared to other alternatives as a measure of welfare. In addition to consumption expenditures, data for poverty analysis should include information on household structure and demographics, and prices faced by different households. Asset ownership, sources of income, and access to social services can also help complement the poverty profile. The Income, Consumption and Expenditure Survey (ICES), conducted by the Central Statistical Office, is a data set that contains much of the necessary information and is well suited for poverty analysis.

An Overview of the ICES 1995/96 Data

The Central Statistical Office (CSO) conducted the third ICES in 1995/96. From July 1995 to June 1996, household data on socio-demographic characteristics, incomes, receipts, and consumption expenditures were collected on a weekly basis and monthly

basis for certain items. Each selected household was monitored for a complete month during which household consumption expenditures were recorded in a daily record book. Weekly visits to the households were used to transcribe the daily records and to check for recording consistency.

The objectives of the Survey were to provide data to enable:

- estimation of private consumption, expenditure of the disposable income of the household sector for the National Accounts;
- compilation of weights for the Consumer Price Index (CPI);
- production account of the agriculture sector in communal lands; and,
- measurement of inequality and poverty.

A nationally representative sample was drawn from the 1995 Revised Zimbabwe Master Sample. The population was stratified into land-use groupings, namely communal lands, large-scale commercial farming areas, small-scale commercial farming areas, resettlement areas, and urban and semi-urban areas. The survey enumerated 21 000 households in a total of 395 enumeration areas. Following data processing (described in annexes A-D), 17 555 usable observations were obtained.

Although it was not designed specifically for measurement of poverty, the ICES is well suited for such measurement because it can be used to construct a good measure of household consumption. In addition to market purchases of goods, the survey collects rich detail on own-consumption, payments in kind, and gifts and transfers of all goods. Ownership of assets can be used to impute consumption flows from these assets, and information on housing values and characteristics can be used to construct an imputed flow of consumption from owner-occupied housing (see annexes A-C for details on use of the ICES for poverty analysis and on data processing). The ICES can be combined with CSO-collected prices to create a poverty datum line, used to distinguish poor and non-poor households (see annex D).

Data from the previous round of the ICES (ICES 1990/91) was, in fact, used to quantify poverty and inequality in Zimbabwe. Stenflo (a CSO consultant) and the World Bank (1996) used the 1990/91 ICES to quantify poverty; CSO in collaboration with Oxford University analysed inequality among Zimbabwean households. The current study will build on these earlier studies by analysing many of the issues they left unanswered, and by constructing variables (consumption) for the express purpose of analysing poverty.

The Poverty Datum Line

A poverty line represents the cost of a given level of living which must be attained if a person is deemed not to be poor. The idea is not simply to produce a figure defining the poor at a particular point in time but instead, to enable consistent comparisons across subgroups of the society, such as by sectors, regions, or over time. This study uses two poverty lines: the Total Consumption Poverty Line (TPL) and the Food Poverty Line (FPL).

The FPL represents the minimum consumption expenditure necessary to ensure that each household member can (if all expenditure were devoted to food) consume a minimum food basket representing 2100 calories. Households (when consumption

expenditures are measured on a per-capita basis) or people below the FPL are said to be very poor or extremely poor. The TPL includes an allowance for non-food minimum need requirements such as housing, clothing, transportation, health care, etc. The TPL naturally exceeds the FPL, and households or people whose consumption is less than the TPL are deemed poor. Each of these poverty lines varies by region and month as prices change. See annex D for details on how the poverty datum lines used in this study were constructed.

Poverty Measures

In order to make poverty comparisons across population subgroups or over time, information on individual or household consumption expenditures and the levels of such consumption relative to the poverty lines must be aggregated over people or households in the subgroups. The *prevalence* (or *incidence*) of poverty is one example of such an aggregation. The prevalence (also known as the *headcount index*) represents the total population (either people or households) whose consumption expenditures fall below the poverty line as a proportion of the total population. For example, the prevalence of poverty in a region is the number of people (or households) below the poverty line divided by the total population (individual or households) in the region. The prevalence of poverty is especially useful for targeting regions and subgroups; a basic principle of targeting is to target groups or regions whose poverty prevalence is highest[1].

The prevalence of poverty does not, however, provide complete information about the degree of poverty felt by different subgroups. For example, the prevalence does not inform about the *depth of poverty*, or the mean shortfall of the poor's consumption expenditures below the poverty line. The depth of poverty is interesting because it shows how much of a transfer would be necessary to alleviate poverty if the transfer were targeted perfectly. It is also interesting because the prevalence might be deceptive. One region (or subgroup) may have a high proportion of people whose consumption expenditures fall just below the poverty line. Another region might have a slightly lower proportion or prevalence of the poor, but the people's consumption might fall far below the poverty line. The prevalence would indicate that poverty is worse in the first region, while the second region clearly has a worse problem in that the depth or poverty gap in the second region is much greater. The depth of poverty is measured using the *poverty gap index*.

A third means of aggregating individual or household poverty takes into account the degree of inequality among the poor. The *poverty severity index* is useful because the depth measure ignores some of this inequality. Take, for example, a transfer of income from one very poor family to another family that was poor, but less poor, than the first. Most would agree that poverty has worsened because of the transfer. Yet the poverty depth (or poverty gap) measure would indicate no change in poverty. The mean gap of the poor's expenditures as a fraction of the poverty line is unchanged.

[1] The explanation for this principle follows. If membership in the subgroup or residence in the region is the only means of targeting the poverty reduction programme, then there will be a larger percentage transfer to the poor (and fewer leakages to the non poor) if the subgroup or region with the highest prevalence is targeted first. In some situations, it may be possible to target within subgroups or regions; in such cases, it may be interesting to know which subgroup or regions contains the largest number or percentage of the poor.

The poverty severity index incorporates the premise that society should concern itself with the improvement of the poorest of the poor and is sensitive to distribution among the poor themselves.

Each of these measures (prevalence or headcount index, poverty gap index, and the poverty severity index) can be easily computed using data on household consumption expenditures. They belong to a class of poverty indices known as the Foster, Greer, Thorbecke (FGT) indices.

The following analysis will be conducted on a household basis. Since the ultimate interest of the policy maker is reduction of poverty among people, results will also be presented for people. When there are qualitative differences between the results (expressed on an individual or household basis), the differences will be noted.

2.2 Levels of Well-being

Levels of well-being, as measured by consumption expenditures per person, are very low and distributed unequally. The national mean consumption per person per month was Z$ 284.71 and the median consumption was Z$174.85[2]. Individual well-being is skewed and highly unequal as indicated by the Lorenz curve in figure 2.1.1. The national Gini coefficient is .626[3], indicating substantial inequality in well-being. The Gini coefficient is close to estimates for neighbouring countries, and it is within the range of countries considered to be highly unequal[4].

Part of this inequality is manifested in disparities between rural and urban areas; real levels of well-being are far lower in rural than in urban areas. The urban mean and median levels of monthly consumption per person are Z$ 468.99 and Z$ 288.54, respectively while in rural areas, they are Z$178.05 and Z$119.58[5], respectively. Inequality among people is slightly worse in rural areas than in urban areas; the urban Gini coefficient is .575, while it is .597 for rural areas[6]. There is substantial inequality throughout Zimbabwe but the fact that the countrywide Gini coefficient is so much higher than it is in rural and urban areas is an indication of the large gap in median consumption expenditures between rural and urban areas.

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[2] At the time of the survey, the exchange rate was Z$ 9.85/US$.

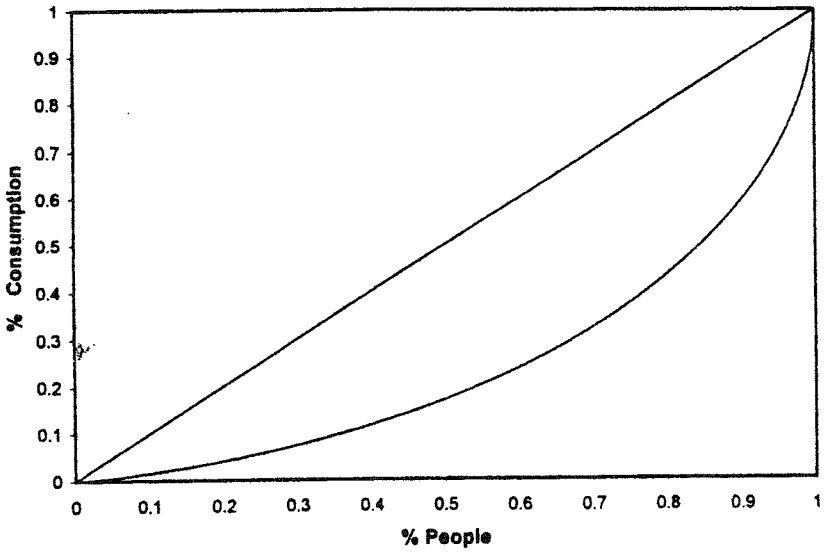
[3] This Gini coefficient was constructed using real consumption per person as the welfare measure and using the ICES population weights to reach nationally representative estimates.

[4] Recent estimates of Gini coefficients are: 0.61 (South Africa); 0.62 (Malawi); 0.44 (Zambia); and 0.41 (Uganda). Sources are: Republic of South Africa, 1995; World Bank, 1995; Chen, et. Al.. The Republic of South Africa and Malawi Gini coefficients are computed over households (the Ginis reported above are over individuals). The Gini coefficients for household inequality in Zimbabwe are 0.505 (country-wide); and 0.497 and 0.448 in rural and urban areas, respectively. Thus, inequality in Zimbabwe is far worse than in Zambia and Uganda, and slightly better than in South Africa and Malawi.

[5] These differences exist after adjusting for temporal and spatial differences in costs of living to the degree that it is possible using the CSO price series. Please see Annex B for more details.

[6] For the purposes of this report, rural is considered to be any household in communal, commercial farming, and resettlement areas.

Figure 2.1.1 Lorenz Curve for Zimbabwe



Box 4. Measuring Inequality

The Lorenz curve provides a complete summary of information about the distribution of well-being. It is graphed as the cumulative percentage of consumption expenditures (the Y-axis) controlled by the cumulative percentage of population (the X-axis). If well-being were evenly distributed, the Lorenz curve would be the first diagonal.

The Gini coefficient provides a convenient summary of the relative degree of inequality. It is calculated as the area between the Lorenz curve and the 45-degree diagonal divided by the total area of the triangle under the diagonal. The Gini coefficient can vary between 0 (for perfect equality) and 1 (for perfect inequality). See Sadoulet and de Janvry for details.

Patterns of poverty follow those of levels of consumption, and poverty is far worse in rural than in urban areas of Zimbabwe. While 63.3 percent of all Zimbabwean households have per capita consumption expenditures below the upper poverty line (the TPL), 76.2 and 41.1 percent, respectively, of rural and urban households are deemed poor. The majority of all households (about 67 percent) are in rural areas, and the indices of poverty show that prevalence, depth, and severity of rural poverty is much worse than urban poverty. In fact, 76.2 percent of Zimbabwe's poor and 89.5 percent of the very poor households are found in rural areas.

About 10 percent of urban households are below the lower poverty line (FPL), indicating a low prevalence of very poor households in urban areas. About 15 percent of Zimbabwe's total poor households are found in the major cities, Harare and Bulawayo; so the vast majority of poor people and households are outside major urban centres. Extreme poverty is common in rural areas; more than 50 percent of rural households do not have resources to meet minimum food needs (table 2.2.1).

Table 2.2.1 Poverty Indices by Place of Residence

	Prevalence (%) of		Poverty Indices		Distribution of (%)	
Residence	**Poverty**	**Extreme Poverty**	**Poverty Gap Index**	**Poverty Severity Index**	**Poor**	**Extremely Poor**
Households						
Rural	76.2	50.4	50.6	30.5	76.2	89.5
Urban	41.1	10.2	35.4	16.9	23.8	10.5
All Zimbabwe	63.3	35.7	47.0	27.3	100	100
People						
Rural	86.4	62.8	47.1	29.6	77.0	89.7
Urban	53.4	15.0	20.2	10.0	23.0	10.3
All Zimbabwe	75.6	47.2	38.3	23.2	100	100

Source: 1995/96 ICES. Poverty refers to the prevalence of households or people in households whose consumption expenditures per capita are below the upper poverty line (the TPL). Extreme poverty represents a shortfall below the lower poverty line (FPL). The poverty gap and the severity indices are the Foster, Greer and Thorbecke α=1 and α=2 measures, respectively (see Ravallion, 1992 for details). These indices are computed using the upper poverty line.

Because poor households tend to have more members than non-poor households, the prevalence of poor *people* is in all areas higher than the prevalence of poor *households*. About 75.6 percent of all Zimbabweans are poor, and 47.2 percent are very poor. About 77 percent of Zimbabwe's poor and almost 90 percent of its extremely poor people are found in rural areas.

2.3 Sensitivity Analysis: How Does Measurement of Poverty Depend on the Poverty Datum Line?

Measurement of poverty requires a number of judgements. Most of these judgment decisions are made during construction of the poverty datum line (see annex D). Judgements affecting the poverty line affect all of the reported indices of poverty in this report, and make it difficult to speak about an exact figure for an indicator, for example, the prevalence of poverty. CSO, during preparation of this report, made a conscious decision to be conservative in its estimates, and, because of this, the estimates of poverty here represent an upper bound on the true indices of poverty.

During construction of the poverty datum line, several systematic decisions were taken to ensure that the poverty line represents an upper bound to the true poverty line. These decisions revolve around two points: (1) the prices of commodities in the food basket; and, (2) the methodology used to address the non-food component of the poverty line.

Commodity prices were taken from the official CSO price series, and this series might overstate the cost of the food basket for the poor, particularly in rural areas. The CSO prices are of goods normally found in supermarkets, and these goods might be of better quality than those normally consumed by the poor. For example, cooking oil represents about 7 percent of the total food consumption expenditures of the poor (see Annex E), but the cooking oil price from the CSO series is for *Honeygold Oil*, a

relatively expensive brand. As another example, CSO maize meal prices are for roller meal maize, and there is evidence that the poor, particularly in rural areas, consume lower-priced hammer-milled maize instead of roller meal. The use of official CSO prices might overstate the value of the poverty line, particularly in rural areas, where maize substitution is most common. The CSO prices are collected in urban centres.

The methodology chosen to address non-food minimum needs[7] was deliberately selected because it yields an upper bound on these non-food expenditure needs (see Ravallion, 1998). Briefly, the methodology addressed non-food minimum needs by estimating the non-food expenditures of households whose food expenditures were equal to the value of the minimum needs food basket (the FPL). An alternative, lower bound estimate may be obtained by using the non-food expenditures of households whose total consumption expenditures (rather than food consumption expenditures) exactly equal the value of the minimum needs basket.

Two alternative estimates of the prevalence of poverty are presented to examine the sensitivity of the estimated prevalence of poverty to the choice of the poverty line. The first estimate uses a new upper poverty line (TPL). Non-food expenditures are adjusted to be consistent with the lower bound estimate of such expenditures. This lower bound is then added to the FPL to create a new TPL. The second estimate of the prevalence of poverty uses an ad hoc downward adjustment in rural maize prices of 10 percent to reflect the potential for lower-cost hammer-milled maize replacing roller-milled maize in rural areas. This lower cost leads to a revised (rural) food poverty line, and non-food expenditures are dealt with by using the new lower-bound of non-food expenditures. In reality, the prices the poor pay for their food needs may be below those collected by CSO in both rural and urban areas, and the price differentials may exist for more commodities than maize but data supporting further adjustments are not available. The price adjustment is provided to give a flavour for the differences in the estimates that might arise due to price differentials.

The lower bound estimate of poverty in all Zimbabwe among households is about 52 percent and 65 percent among people (table 2.3.1). The lower-bound estimate leads to significantly lower estimates of the prevalence of poverty (compare table 2.3.1 with table 2.2.1). The adjustment of the maize price lowers the overall prevalence of poverty by 0.6 percent. Rural poverty remains significantly higher than urban poverty. At least 79 percent of people in rural areas are poor, as compared to 35 percent in urban areas.

The findings of the analyses are robust to the choice of the poverty line. That is, findings with respect to the geographical distribution of the poor, characteristics of the poor, etc. do not vary qualitatively as the poverty line is pushed towards its lower bound. There are, however, quantitative differences and different poverty lines lead to

[7] This study uses two poverty lines. The food poverty line (FPL) represents the value (or cost) of a minimum food basket. Households with per capita consumption expenditures below this line are called extremely poor. The total poverty line (TPL) represents the value of food needs plus non-food minimum needs.

Table 2.3.1 Alternative estimates of the prevalence of poverty

	Source of Estimate	
	Lower-bound non-food expenditures	**Lower rural maize price**
Households (% poor)		
All Zimbabwe	52.5	51.9
Rural	68.4	67.4
Urban	25.2	25.2
People (% poor)		
All Zimbabwe	65.2	64.6
Rural	79.7	78.8
Urban	35.0	35.0

Source: 1995/96 ICES. The lower-bound of non-food expenditure estimate is computed using the non-food expenditures of households whose total expenditures equal the food poverty line. The estimate using the lower rural maize price represents a re-computation of the food poverty line combined with the lower bound non-food expenditure estimate.

alternative findings relative to overall levels of poverty in Zimbabwe. CSO is confident that the poverty line (TPL) used in this study represents an upper bound to the true poverty line, and that subsequent estimates of prevalence, depth and severity of poverty are also upper bounds. In order to make comparisons of changes in poverty over time, a consistent means of choosing the poverty line must be used. CSO will, in the future, use a conservative choice (representing an upper-bound estimate of the prevalence of poverty), but will report on the sensitivity of resulting estimates to alternative choices of poverty lines.

2.4 Countrywide Picture of Poverty

Poverty among households varies significantly across and within provinces of Zimbabwe. The prevalence of household poverty ranges from a low of 17 percent in urban Bulawayo to almost 81 percent in Matabeleland North—which is primarily rural . According to all indices, Matabeleland North province is worse off. Although Manicaland has a lower prevalence of poverty than Matabeleland North and South Provinces, which are the "poorest", Mashonaland Central, and Masvingo, because of its high population it is the province where the most poor households are found. Midlands is another province with a relatively low prevalence of poverty among households, but where large numbers of poor households are found (table 2.4.1)[8].

There is a consistent picture of poverty in the provinces as provincial rankings by each of the indices (i.e., the prevalence, depth index and severity index) are relatively unchanged for each index. For example, Matabeleland North is worse off according to each index, followed by Masvingo, Mashonaland Central and Matabeleland South. Thus, those provinces with a high prevalence of poverty are also those with the deepest and most severe poverty.

[8] For the purposes of targeting poverty alleviation programmes, it is preferred to target based on a higher prevalence or incidence of poverty. The reason for this preference is that there will be fewer "leakages" to non-poor households if high-prevalence subgroups are targeted. However, some policy makers wish to know the subgroups containing the largest percentages or numbers of the poor, and for this purpose we report the distribution of the poor by province.

Table 2.4.1 Household Poverty Indices by Province

Province	Percent Poor Households	Prevalence of (%)		Poverty Indices (%)	
		Poverty	Extreme Poverty	Poverty Gap Index	Poverty Severity Index
Manicaland	18.1	69.4	43.4	47.5	27.1
Mashonaland Central	10.4	80.4	46.1	51.9	32.2
Mashonaland East	10.5	67.5	34.4	46.7	26.6
Mashonaland West	10.7	66.7	40.4	47.1	27.3
Matabeleland North	6.2	81.1	67.2	57.1	36.1
Matabeleland South	6.0	75.8	51.6	51.2	31.5
Midlands	11.4	63.9	40.2	44.9	25.0
Masvingo	11.4	75.8	52.4	53.5	33.7
Bulawayo	5.0	16.9	9.3	37.7	18.5
Harare	10.3	36.4	6.8	33.2	15.4
Total	**100**				

Source: 1995/96 ICES. The poverty gap and the severity indices are the Foster, Greer and Thorbecke α=1 and α=2 measures, respectively (see Ravallion, 1992 for details). These indices are computed using the upper poverty line (the TPL). Prevalence of poverty refers to the percentage of households whose consumption expenditures per capita fall below the upper poverty line (the TPL). Extreme Poverty refers to households below the lower line (the FPL).

Outside of Bulawayo and Harare, poverty is the lowest among households in Midlands. The existence of low levels of poverty in Midlands is partly explained by the province's relatively high proportion of urban households. When the rural population alone is examined, the prevalence of poverty in Midlands rises above Mashonaland East, Mashonaland West, and Manicaland[9].

The geographic pattern of poverty is partly explained by the degree of rurality, land quality in rural areas, and proximity to major urban centres. As seen above, poverty is far worse in rural areas, and the overall level of poverty is positively related, holding other factors equal, to the proportion of the provincial population that is found in rural areas. Thus, Midlands and Mashonaland West, two of the most urbanised provinces, have relatively lower levels of poverty.

In addition to the degree of rurality, rainfall and land quality help determine the provincial patterns of poverty. Matabeleland North, Masvingo, and Matabeleland South have no rural land that is classified as natural region I or II, and only ten percent of households in Masvingo are in natural region III. The high proportion of households in rural areas and the poor rainfall and land quality (leading to poor agricultural conditions in rural areas) in these provinces help explain the high poverty there. Matabeleland North is more urbanised than these other two high-poverty provinces, but the urban areas in Matabeleland North tend to be small, poor, and isolated from larger urban centers. Thus, poverty is highly prevalent, deep and severe in Matabeleland North.

[9] Note: patterns of poor *people* closely follow those of poor households. Information on the poverty indices computed in terms of *people*, rather than household, is presented in Annex E, table E.2.1. The poverty indices computed for people by province and the distribution of poor *people* by province are shown in Annex E, tables E.2.2 and E.2.2, respectively.

Fifty-six and 71 percent of rural households in Mashonaland East and West, respectively, are found on land that is classified as natural region I or II. Forty-two percent in Manicaland are so classified. Mashonaland West is relatively highly urbanised, is close to major urban centres, and has good agricultural prospects. It thus has a relatively low prevalence of poverty. Mashonaland East and Manicaland, although less urban, have good agricultural prospects (in most of their rural areas), and have population concentrations that are relatively well-connected to major urban centres.

Table 2.4.2 Households by Rural/Urban Residence and Natural Region

Province	% Urban	% Households in NR I & II
Manicaland	13	42
Mashonaland Central	11	74
Mashonaland East	6	56
Mashonaland West	24	71
Matabeleland North	22	0
Matabeleland South	10	0
Midlands	29	
Masvingo	13	0

Mashonaland Central remains somewhat an enigma. Almost 74 percent of the rural households in this province are located on land that is classified as natural region I or natural region II. The province is also located in reasonably close proximity to Harare, and is well served by transport services. Yet, it is found to be very poor, with deep and severe poverty. Further investigation of this finding is warranted.

The major cities have lower prevalences of poverty than the other provinces, and the patterns of poverty in the large cities are similar. Although Bulawayo has a prevalence of household poverty of about 17 percent, about one-half of Harare's rate, it is worse off than Harare according to the other indices. Harare has a large percentage of households whose monthly consumption falls between the two poverty lines (the TPL and the FPL), since the measured prevalence of poverty drops dramatically when the lower line is used in place of the upper line. This drop indicates a bunching of household consumption expenditures between the two poverty lines. Although poverty appears to be lower in Bulawayo when using the simple headcount index and the TPL, the depth and severity of poverty there that are close to, but even worse than, Harare.

These findings illustrate the importance of clarifying one's objectives when measuring poverty or when deciding upon a poverty reduction policy. The different dimensions of poverty (depth, severity, and prevalence) differ in urban areas, and it becomes difficult to determine where poverty is "worse" unless one clarifies which dimensions of poverty are important. If distributionally neutral growth in income occurs (which may occur due to favourable macro-economic conditions embodied in ZIMPREST), then the measured prevalence of poverty among households in Harare is likely to drop quickly. A large number of households whose consumption expenditures are right below the TPL will be lifted out of poverty. If transfers and safety nets are targeted to the poorest of the poor in Bulawayo, then these programmes are not likely to significantly lower the prevalence of poverty in Bulawayo because these transfers are unlikely to be of a magnitude large enough to

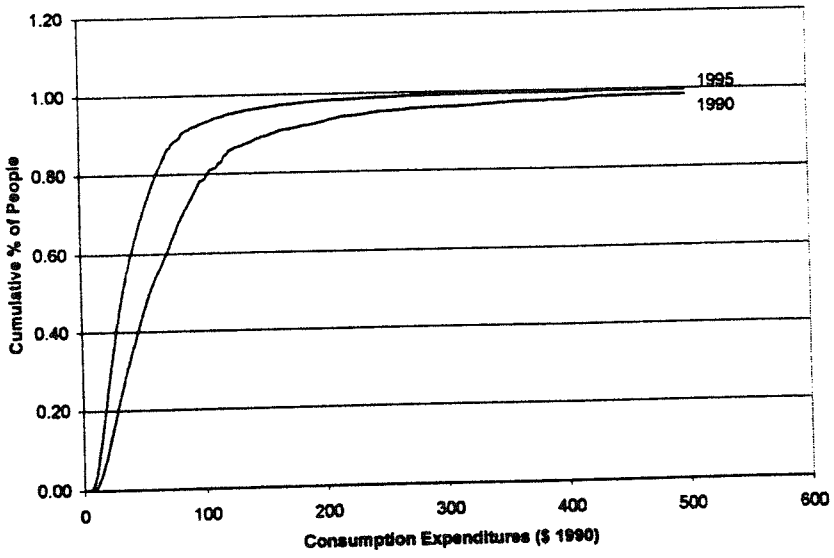
close the poverty gap. The use of all indicators together leads to an equal emphasis on the two cities, as poverty levels (based on all indices, including the depth and severity indices) are roughly equal in them.

2.5 Economic Growth and Changes in Poverty

There has been an unambiguous increase in poverty in Zimbabwe between 1990 and 1996. A higher percentage of people in 1995 were below each level of real consumption expenditures than people in 1990 (figure 2.5.1). This finding of an increase in poverty is insensitive to the choice of the poverty line. For "reasonable" levels of the poverty line (between Z$30 and Z$80, using 1990 prices), the prevalence of poverty has increased substantially. There has been an increase in household poverty of around 23 percent in the range of "reasonable" total consumption poverty lines[10].

The finding of an increase in poverty between the years does not depend on the choice of the poverty line. For example, using the upper poverty line from 1995/96 (TPL in table 2.5.1), 63.3 percent of households were deemed poor in 1995/96. The prevalence of household poverty in 1990/91, using the same PDL[11] was 40.4 percent. An additional 22.9 percent of Zimbabwean households passed the poverty line between the survey years. Using the lower PDL (the FPL), 35.7 percent of households in 1995/96 were extremely poor, and the corresponding level of extreme household poverty in 1990/91 was 16.7 percent. The prevalence of extreme household poverty more than doubled between the two survey periods.

Figure 2.5.1 Cumulative Distribution of People by Real Consumption Expenditures Per Capita



Source: ICES 1990/91 and ICES 1995/96. The 1995/96 expenditures are deflated by the food CPI so that all comparisons are made in terms of July 1990 prices.

[10] The distributions of real consumption expenditures (in 1990 dollars) are virtually parallel in the $30 - 80 range for the two survey years. Thus, the absolute value of the change in prevalence is constant, regardless of the choice of the poverty line.

[11] Deflating to 1990 values using the food CPI.

Table 2.5.1 Prevalence of Household Poverty, 1990/91 and 1995/96 Using Alternative Poverty Lines

Poverty Line	Value ($ 1990)	Prevalence of Poverty (% households below poverty line)	
		In 1990/91	In 1995/96
Total Poverty Line (TPL)	53.5	40.4	63.3
Food Poverty Line (FPL)	28.1	16.7	35.7

Source: 1990/91 ICES and 1995/96 ICES. TPL is the total consumption poverty line; FPL is the value of the food basket (the lower line).

The prevalence of poor people increased by 43 percent (from 52.8 to 75.6 percent of people) during the 1990s. The severity index grew, proportionately, by far less, while the depth index actually decreased. The decline in the depth of poverty means that the average shortfall of consumption expenditures by poor households below the poverty line has actually fallen while inequality among the poor (as measured by the severity

Table 2.5.2 Overall Poverty Indices by Year

Poverty Index	People		
	1990/91	1995/96	% Change
Prevalence	52.8	75.6	43.2
Depth	40.5	38.3	-5.4
Severity	21.4	23.2	8.4

Source: ICES 1990/91 and 1995/96. Prevalence is the percentage of people in households whose consumption expenditures per capita are below the upper poverty line (the TPL)as a proportion of total population. The poverty gap and the severity indices are the Foster, Greer and Thorbecke $\alpha=1$ and $\alpha=2$ measures, respectively (see Ravallion, 1992 for details).

index) grew slightly. This finding is consistent with the increase in poverty prevalence; as additional households fall below the poverty line for whatever reason, the mean expenditure gap should shrink. New entrants into the pool of the poor generally have higher mean consumption expenditures than the rest of the poor.

Economic growth can help reduce poverty, depending on the participation of the various socioeconomic groups in the growth process. While a complete analysis of the effects of sector-specific growth is beyond the scope of this analysis, some lessons can be learnt by examining growth elasticities. A growth elasticity of poverty is the percentage change in the measure of poverty given a one-percent change in economic activity. Growth can take a number of paths and can affect the distribution of well-being in a number of ways, and the change in the poverty measure will depend on this path. For simplicity, it is assumed that growth is distributionally neutral, that is, a one-percent increase in incomes leads to a one-percent increase in consumption expenditures for all households. The measure of poverty is taken to be the prevalence of (household) poverty.

A one-percent increase in per-capita consumption expenditures for all households in Zimbabwe will lead to a seven-percent decline in household poverty and a 1.2 percent decline in extreme poverty (table 2.5.3). The high elasticity of extreme poverty

reflects the large proportion of extremely poor households whose consumption expenditures are close to the food poverty line. It also indicates strong possibilities to reduce extreme poverty with broad-based growth. The elasticities are much higher (more than double) in urban areas than they are in rural areas[12]. This result is consistent with findings above that many households in urban areas have consumption expenditures that are close to the upper poverty line. Therefore, broad-based growth has the potential to dramatically reduce urban poverty. Likewise, broad-based negative growth (as was experienced in the 1990-96 period, will lead to strong increases in urban poverty).

Table 2.5.3 Growth Elasticities of Poverty: The Percent Reduction in the Prevalence of Poverty by Area Following a One-percent Increase in Consumption Expenditures

Percent Reduction in	Poverty	Extreme Poverty
All Zimbabwe	-0.678	-1.201
Rural	-0.477	-1.079
Urban	-1.322	-2.237

Source: 1995/96 ICES.

The low growth elasticities of poverty and extreme poverty in rural areas reflects the deeper and more severe poverty in these areas compared to urban areas. It does not, however, mean that growth in rural areas will not lead to significant reductions in rural poverty. To examine how overall poverty will respond to distributionally neutral increases in per-capita consumption expenditures in certain sectors, additional elasticities are computed. The overall percentage reduction in poverty given a one-percent sector-specific increase in consumption is shown in table 2.5.4.

Table 2.5.4 Growth Elasticities of Poverty: Percent Reduction in the National Prevalence of Poverty Following a One-percent Increase in Consumption Expenditures in Each Sector

Growth In	Percent Reduction in(National)	
	Poverty	Extreme Poverty
Rural Areas	-0.364	-0.966
Urban Areas	-0.315	-0.235

Source: 1995/96 ICES.

Broad-based growth in rural areas will reduce overall (national) poverty by more than similar growth that is confined to urban areas. A one-percent increase in per-capita consumption expenditures in rural areas will lower the national prevalence of poverty by 0.36 percent, while a similar increase in urban areas will lead to 0.31 percent less poverty. The impact of rural growth on extreme household poverty is even more dramatic; rural growth lowers national extreme poverty by nearly one percent, compared to 0.23 reduction associated with growth in urban areas. These results are mainly caused by the higher prevalence of poverty and extreme poverty in rural areas. Growth in rural areas pushes proportionally fewer households over the poverty line.

[12] This finding partly reflects the fact that the base of the elasticity is smaller in urban areas (because the prevalence of poverty is lower in urban areas). The elasticity is computed as $\partial HC_i/\partial E_i * E_i/HC_i$, where HC is the headcount index (the prevalence of poverty) in sector i. d E are per-capita consumption expenditures. The HC index is much lower in urban areas

But since such a high proportion of poor households are in rural areas, the impact of rural growth on national poverty is stronger than that of urban growth.

Broad-based economic growth can yield poverty-reducing dividends in rural areas of Zimbabwe (table 2.5.5). The relatively high elasticities of poverty reduction in commercial farming areas reflect the fact that most of the poor on these areas are close to the poverty line, and small growth in incomes/wages will lift significant proportions of these households out of poverty.

Perhaps more interesting are the growth elasticities in communal and resettlement areas. Distributionally neutral growth in these areas is a likely scenario as product price increases and yield-enhancing technological breakthroughs tend to affect all farmers in a similar fashion. Growth in resettlement areas, because these areas contain so few households compared to the total population will have only a minor impact on total national poverty, but growth in communal areas can have a strong poverty-reducing impact. A one-percent increase in consumption expenditures in communal areas will reduce the national prevalence of poverty by 0.24 percent.

This section of the report demonstrated two major findings. First, there has been a dramatic increase in poverty during the 1990s. This finding is not dependent on the choice of the PDL. Poverty severity has also grown, but the depth index has declined. Second, there are strong poverty reductions that can emerge as a result of broad-based economic growth. Growth in rural areas, particularly in communal and resettlement areas, will have the strongest impact on overall poverty. Urban poverty is also very sensitive to economic growth but the impact of growth in urban areas on the overall prevalence of poverty is low. The reason for this limited impact is the small proportion of poor households that reside in urban areas.

Table 2.5.5 Growth Elasticities of Poverty by Land Use Area

Land Use Area	Percent Reduction in Poverty in Each Sector	Percent Reduction in National Poverty From Growth in Each Sector
Communal Areas	-0.404	-0.243
Small Scale Commercial Farms	-0.978	-0.023
Large Scale Commercial Farms	-0.794	-0.089
Resettlement Areas	-0.353	-0.009

Source: 1995/96 ICES.

2.6 Characteristics of Poor Households

Poor households in Zimbabwe are characterised by high dependency ratios, more household members, and, on average, older heads of household than those of non-poor households (table 2.6.1). Poor households have slightly less than three times as many dependents per worker as those households that are not poor. Urban households have much lower dependency ratios than those in rural areas. Rural poor households have about 60 percent more dependants per worker than the urban poor. Nationally,the mean household size is 4.6, yet for non-poor households the mean size

is only 3.1 members. Poor households have a mean size of 5.5, while very poor households average 6.1 members.

Table 2.6.1 Dependency Ratios and Age of Household Head, by Poverty Status

Poverty Status	Dependency Ratio	Mean Household Size	Mean Age of Household Head
National			
Non Poor	0.552	3.1	39.4
Poor	1.471	5.5	45.4
Very Poor	1.713	6.1	46.9
Rural			
Non Poor	0.668	2.8	40.7
Poor	1.621	5.6	46.6
Very Poor	1.772	6.1	47.3
Urban			
Non Poor	0.473	3.2	38.5
Poor	1.005	5.3	41.6
Very Poor	1.221	6.0	42.8

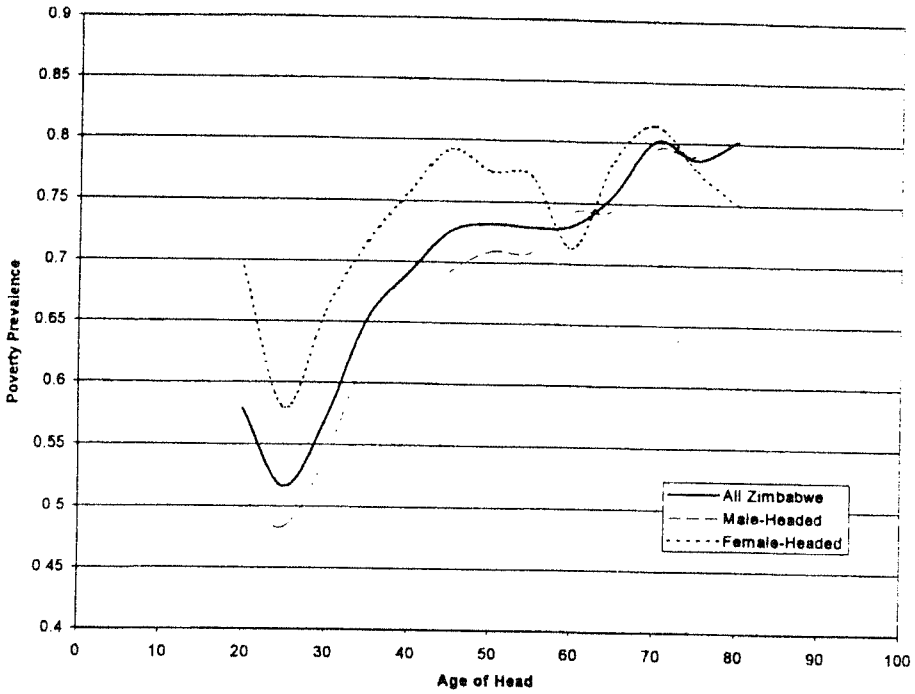
Source: 1995/96 ICES. Poor households are those below the upper poverty line (the TPL), and poorest have consumption expenditures below the lower poverty line (the FPL). Dependency ratios here are the mean dependency ratio for households in the particular poverty group. For example, the rural poor dependency ratio is the sum of household dependency ratios (for poor households) divided by the number of poor households. This is somewhat different from the way demographers traditionally compute these ratios.

Household structure is closely associated with poverty, particularly in rural areas. Rural poor households have more members, on average, than the urban poor, while urban non poor households have larger household sizes than their rural counterparts. There is also a dramatic difference in ages of household heads across urban and rural areas. On average, poor households (in all areas) have older heads of household than the non poor, and the very poor tend to be headed by even older heads.

The relationship between age of the household head and the likelihood that the household is poor is not constant over the age of the household head (figure 2.6.1). The likelihood of being poor is high for households with a head who is very young, falls slightly for households that are headed by someone in their late 20s and early 30s, and then grows rapidly until the head's age is about 50 years. At that point, the prevalence of poverty stabilises at very high levels. Households headed by younger people are less likely to be poor than those headed by elderly people.

The relationship between poverty status and age of the household head follows a consistent pattern regardless of the sex of the household head. Rural and urban households (not shown) have a similar age/poverty pattern, with the rural prevalence being greater than the urban prevalence for all ages of the household head.

Figure 2.5.1 Profile of Head's Age and Household Poverty Status



Source: 1995/96 ICES. Prevalence refers to the percentage of households whose consumption expenditures fall below the upper poverty line (the FPL).

Sex of Household Head

Sex of the household head is important since it influences the ability of the household to source income. For example, wage income can be more accessible to men than it is to women. In rural areas, headship also influences access to assets such as land that have a direct bearing on the poverty status of a household. Male-headed households constitute about 67 percent of all households in Zimbabwe. Of the 33 percent of female-headed households, 55 percent are female *de-jure* heads, i.e. women who are single, widowed or divorced, and 45 percent are female heads *de-facto*. De-facto female headship means that the woman is head of the household because her husband is absent. This distinction has implications for poverty: households that are headed de-facto by females are likely to be better off than those with de-jure female heads because they probably receive remittances from absent spouses while the female de-jure heads have to stand on their own.

Male-headed households are generally better off than female-headed households, but there are startling differences among different types of female-headed households. Although male-headed households have a lower overall prevalence of poverty and extreme poverty than female-headed households, the depth and severity indices show only small differences depending on whether the head is male or female. Male-headed households suffer from deep and severe poverty in about the same proportions as female-headed households (table 2.6.2).

Poverty also varies by female head type and is in some cases lower for the female-headed subgroup than for male-headed households. For example, the prevalence of

poverty and extreme poverty is higher for male-headed households than it is for divorced female-headed households. The depth and severity indices are about equal for these two subgroups.

Adding to the relatively high depth and severity of poverty among male-headed households, note that a much higher percentage of poor households are male-headed

Table 2.6.2 Household Poverty by Household Headship

Headship	Prevalence (%) of		Poverty Indices	
	Poverty	Extreme Poverty	Depth Index	Severity Index
Male-headed	59.5	32.3	46.5	26.8
Female-headed	71.2	42.6	48.0	28.0
Defacto	76.4	48.4	48.6	28.6
Divorced	57.5	30.5	46.6	26.8
Widowed	76.5	44.9	48.4	28.4
Never Married	35.2	14.1	37.7	18.6

Source: 1995/96 ICES. The poverty gap and the severity indices are the Foster, Greer and Thorbecke α=1 and α=2 measures, respectively (see Ravallion, 1992 for details).These indices were computed using the upper poverty line.

rather than female-headed[13]. These points illustrate the danger of targeting poverty-reduction programmes by headship alone. Clearly, female-headed households are worse off on average, but there is substantial poverty among male-headed households and heterogeneity of poverty among female-headed households.

Contrary to expectations, defacto female-headed households have the highest prevalence of poverty and extreme poverty among female-headed households. The depth and severity indices also show these households to be the worst off. This is an area where more analysis is needed, since findings in many neighbouring countries indicate that de-facto female-headed households tend to be better off than de-jure ones[14]. Some aspects to be looked at are characteristics of males leaving their households in search of work in urban areas. The breakdown of de-jure headship into its component parts begins to reveal some details.

There are large differences in the prevalence, depth, and severity of poverty among dejure female-headed households, depending on the type of female headship. Female widows are clearly worst off, while divorced and never-married female household heads tend to be less poverty prone. The depth and severity indices for divorced female heads show, however, that, although poverty prevalence is relatively low for divorced female household heads, the depth and severity is nonetheless often high. There is substantial heterogeneity among female-headed households, and targeting any programme based on headship alone will be imperfect.

Probably the biggest factor determining the high rate of poverty among defacto female-headed households is their overwhelming tendency to be found in rural areas.

[13] About 63.3 percent of all households are poor. About 63 percent of all the poor households are male-headed. Thirty-seven percent of the poor households are female-headed.

[14] See, for example, World Bank, 1995.

Nearly 89 percent of defacto female-headed households are in rural areas (88.6 percent), while only 68 percent and 56.3 percent of the dejure female-headed and male-headed households, respectively are in rural areas. Because rural poverty is so widespread, the group of households with much higher likelihood of being found in rural areas is also the group most likely to be poor. This is particularly true in 1995/96, coming off a drought year when transfers from husbands who work on commercial farms were depressed. Also, the entire economy was in recession (see chapter 1), so that transfers from urban areas were likely to have been lower than normal. .

Defacto female-headed households are also much more dependent on transfers than dejure households (table 2.6.3). While female-headed households are far more likely to be dependent on gifts and transfers than male-headed households (9.2 versus 0.5 percent), defacto female heads are more dependent on gifts and transfers than dejure heads. Poor defacto female-headed households are dependent on two sources of earnings that are most likely to fall during drought and economic downturn: communal/resettlement farming and gifts and transfers. Dejure female heads appear to have more diversified sources of income, regardless of their poverty status; for both poor and non-poor households, salaries and wages and own business earnings are more likely to provide the main source of income than gifts and transfers.

Table 2.6.3 Main Sources of Income, Female-Headed Households

Main Source of Income	All Female Headed Households (%)	Female Defacto		Female Dejure	
		Not Poor (%)	Poor (%)	Not Poor (%)	Poor (%)
Salaries and Wages	15.3	24.3	3.8	39.9	11.8
Gifts and Transfers	9.2	12.5	15.5	4.1	4.2
Own Business	6.2	3.5	3.3	11.4	7.3
Other	2.3	1.0	2.3	1.7	2.9
Communal/Resettlement Farming	52.8	43.4	67.5	20.2	57.2
Not Applicable	14.3	15.4	7.5	22.7	16.6
Total	100	100	100	100	100

Source: ICES 1995/96.

Employment and Income Sources

Access to employment for the household head is closely associated with household poverty status. In rural and urban areas, households headed by someone working on own-account or by a retired person are most likely to suffer from poverty and extreme poverty. Households headed by a permanent paid employee have the lowest likelihood of being poor while even casual or temporary paid employment appear better than own-account work (table 2.6.4).

Table 2.6.4 Prevalence of Household Poverty by Main Activity of Household Head

Main Activity	Place of Residence		
	Rural	Urban	All Zimbabwe
Permanent paid employee	52.0	35.5	41.5
Casual/temporary employee	56.7	41.5	49.6
Employer	61.0**	10.4	25.5
Communal/resettlement own-account worker	86.1	0.0	86.0
Other own-account worker	77.1	57.5	63.2
Retired	88.6	51.5	60.3
Other	74.7	54.3	61.8

Source: 1995/96 ICES. Prevalence refers to the percentage of households whose consumption expenditures per capita fall below the upper poverty line. **Small number of cells for employers in rural areas makes the prevalence difficult to interpret.

Households headed by government workers are least likely to be poor or very poor in both urban and rural areas (table 2.6.5). This is most likely due to differences in labour force structure in the public and the private sectors. The public service has more qualified personnel than general labourers, as opposed to other organisations that tend to have more general workers than qualified staff. The impact of government employment on poverty status is relatively equal across rural and urban areas, and extreme poverty is very unlikely (less than 5 percent prevalence) among households headed by government workers in urban areas. Parastatal workers have the second lowest prevalence of household poverty in urban areas, but rural households headed by parastatal workers are much more likely to be poor than urban households. The difference between the effect on poverty of parastatal and government work between rural and urban areas might be attributed to remuneration packages. Government workers tend to be paid equally whether in urban or rural areas. Parastatal workers are more likely to be well compensated if they live and work in urban centres.

Table 2.6.5 Prevalence of Household Poverty by Sector of Employment of the Household Head

Employment Type	Rural		Urban	
	Poor	Very Poor	Poor	Very Poor
Own-account resettlement farmer	86.1	61.5	46.6	6.7
Own-account other	77.1	45.4	57.5	20.4
Government	31.4	12.4	30.3	4.9
Parastatal	48.4	23.4	34.6	0.7
Private Sector				
Formal Sector	57.5	27.3	38.8	8.6
Informal Sector	67.0	38.1	44.1	13.2

Source: 1990/91 ICES. Government workers include Central and Local government workers; parastatal includes cooperative employees; formal sector includes registered establishments; informal sector includes unregistered establishments.

Households headed by someone who is employed in the private formal sector are more likely to be poor than households headed by a government worker or a parastatal

worker. However, the poverty depth and severity indices for households headed by all of these types of workers are very close (Annex E, table E.2.4). There is substantial heterogeneity in poverty among households headed by government or parastatal workers (leading to high severity indices for these households). Households headed by formal sector employees have relatively less depth and severity of poverty than households headed by other types of employees.

Households headed by formal sector employees are also much less likely to be poor in all areas of Zimbabwe than those headed by someone who works in the informal sector. The prevalence of household poverty for households headed by someone employed in the formal sector is less than 40 percent in urban areas; the prevalence of extreme poverty is less than 10 percent for these same households.

The impact of household access to employment in a "formal" sector (government, parastatal, or private formal sector) on poverty is strong. If any member of the household (not just the head) is employed in one of the formal sectors, the household prevalence of poverty is 41 percent for all Zimbabwe; and 51 and 34 percent for rural and urban areas, respectively (table 2.6.6). For households without access to formal employment, the prevalence of poverty is 80 percent and 44 percent for rural and urban areas, respectively. All the indices of household poverty are much lower for

Table 2.6.6 Household Poverty Indices by Household Member's Employment

	Prevalance (%) of		Poverty Indices	
Employment Status	**Poor**	**Very Poor**	**Poverty Depth Index**	**Poverty Severity Index**
At Least One Household Member in Formal Employment				
Rural Areas	50.9	25.8	42.5	23.1
Urban Areas	33.9	7.0	32.7	15.0
All Zimbabwe	41.1	14.9	37.8	19.2
No Member in Formal Employment				
Rural Areas	79.8	53.9	51.3	31.2
Urban Areas	44.1	11.5	36.3	17.6
All Zimbabwe	68.4	40.4	48.3	28.4

Source: 19995/96 ICES. The poverty gap and the severity indices are the Foster, Greer and Thorbecke $\alpha=1$ and $\alpha=2$ measures, respectively (see Ravallion, 1992 for details). These indices were computed using the upper poverty line. Household has at least one member with either government, parastatal, or formal sector employment.

households with at least one member in formal sector employment. To the extent that ESAP reduced employment in government, among parastatals, and in the formal sector, it is likely to have increased poverty.

Households who have a head or have any member whose main source of earnings is salaries and wages are least likely to be poor in Zimbabwe. The prevalence of poverty among households with such heads is less than 43 percent, and the prevalence of extreme poverty is lower than 15 percent. In households where at least one member is a wage or salary earner, the prevalence of household poverty is 45%. As expected, households that earn most of their income from communal/resettlement farming are the poorest and they have the deepest and most severe poverty (table 2.6.7).

Table 2.6.7 Household Poverty Indices by Main Source of Income by Residence

Main Source of Income	Rural		Urban	
	Prevalance (%) of			
	Poor	Very Poor	Poor	Very Poor
Salary and Wages	52.4	24.9	36.3	7.8
Gifts and Transfers	78.4	48.4	13.0**	8.5
Own Business	75.9	42.5	55.9	18.2
Communal/Resettlement Farming	86.8	62.9	77.8	60.1
Other/NA	80.0	50.3	52.3	15.3

Source: 1995/96 ICES. Poor refers to households whose per-capita consumption expenditures are below the upper poverty line (the TPL). Very poor households are below the lower line (the FPL).** means too few observations in the cell to make comparisons useful.

In rural areas, the only group of households with a relatively low prevalence of poverty is that of households headed by persons whose main sources of income are salaries and wages (table 2.6.8). The prevalence of poverty for this group is about 23 percent below the next best source of earnings, and the prevalence of extreme poverty is about half of the next best group, i.e. own business. Households headed by salary and wage earners also do much better in urban areas than the other groups.[15] Although there is a large number of households in rural and urban areas that are headed by business people, these households, on average, do worse than employee-headed households. These results reflect the narrow base of private enterprise in Zimbabwe. Some small business owners do well but the majority of businesses do not provide even a minimum livelihood for a family.

Table 2.6.8 Prevalence of Household Poverty and Extreme Poverty by Whether any Household Member Avails of Salaries and Wages

	Salaried/wage Worker		No Salaried/wage Worker	
	Poor	Very Poor	Poor	Very Poor
All Zimbabwe	45.4	16.3	80.7	54.5
Rural	55.7	27.5	86.0	61.3
Urban	38.1	8.3	52.2	17.3

Source: 1995/96 ICES. Cells contain prevalence of household poverty depending on whether any member of the household has salaries or wages as a main source of income.

There are strong forces for greater inequality in the country as households that can source regular and formal employment will do better than others. There is also evidence of strong returns to education, especially if education is rewarded through access to formal sector employment opportunities. Education is examined more closely below.

[15] Gift and transfer-dependent households make up too small a group to make comparisons possible.

Table 2.6.9 Household Poverty Indices by Household Head's Main Source of Income

Main Source of Income	Prevalence (%) of		Poverty Indices	
	Poor	Very Poor	Poverty Depth Index	Poverty Severity Index
Salary and Wages	42.6	14.5	37.2	18.4
Gifts and Transfers	76.9	47.5	47.5	27.9
Own Business	60.5	23.7	39.9	20.3
Communal/Resettlement Farming	86.8	62.9	53.8	33.5
Other/NA	64.9	31.3	45.3	25.9

Source: 1995/96 ICES. The poverty gap and the severity indices are the Foster, Greer and Thorbecke α=1 and α=2 measures, respectively (see Ravallion, 1992 for details). These indices were computed using the upper poverty line.

Food Security

Food shares of total consumption expenditures are naturally higher for the poor than they are for the non poor. In rural areas, these consumption differences are less dramatic than in urban areas; the poor in rural areas only devote about 8 percent more of their budget to food than do non-poor households, as compared to an 11 percent difference in urban areas. Maize shares of food consumption are higher for the poor, but in rural areas there are only small differences in the maize proportion of the consumption basket.

Table 2.6.8 Food Shares and Own-Production by Poverty Status

	All Zimbabwe		Rural		Urban		All Zimbabwe
	Poor	Non-poor	Poor	Non-poor	Poor	Non-poor	
Food shares	53.4	39.9	56.1	48.2	44.7	34.2	48.4
Maize Shares	15.2	13.0	15.1	14.7	7.2	4.3	14.4
Own-production/maize	19.9	7.5	28.8	18.5	2.5	1.5	14.5
Non-market food	34.0	15.7	42.5	28.9	2.9	1.7	27.3

Source: 1995/96 ICES. **Food shares** are total (market and non-market) value of food consumption divided by total consumption; **maize shares** are the share of maize consumption in total food consumption; **own-production** is the share of maize consumption coming from own production; and **non-market food** is the share of own-production, gifts and transfers, and payments in kind in the total value of food consumption.

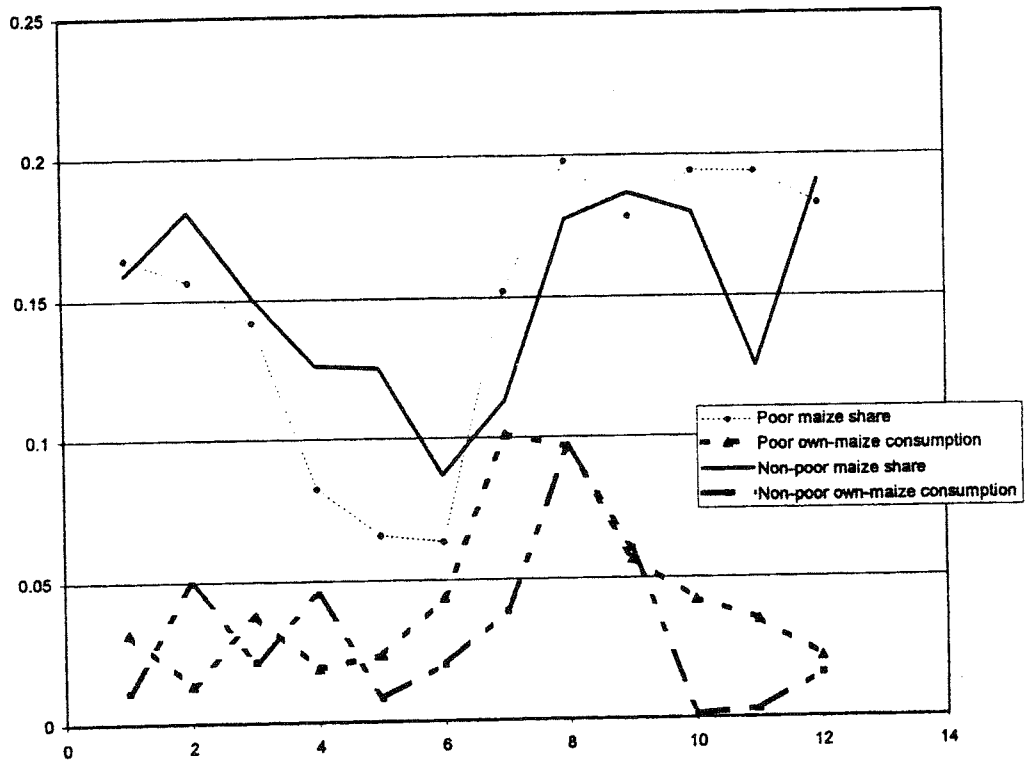
Almost 30 percent of maize consumption by the rural poor comes from own-production, and more than 42 percent of their total food budget comes from non-market sources. This high percentage reflects a number of factors. First, the poor in rural areas might be less sensitive to changes in market prices because much of the food they eat comes from non-market sources, particularly own production. Second, it is important to examine the income side of the equation and determine the net sales position of the rural poor. If they sell large quantities of maize and other products,

increases in maize prices may benefit them over time. This position is examined to the degree possible in the chapter on rural poverty and agriculture.

Third, subsidies for consumption of basic food items that were utilised through the early 1990s did not benefit rural areas as much as they benefited urban consumers. Rural households, and especially the rural poor purchase much smaller quantities of maize and other basic foodstuffs than do urban consumers, and the subsidies thus transferred much more income to the latter group. Fourth, much of the consumption needs of the rural poor in 1995/96 were provided through transfers such as drought relief. If this relief were not present, rural poverty would grow dramatically.

The maize shares of the poor and the shares of own-maize consumption in total maize consumption vary seasonally as shown in figure 2.6.2. Differences between poor and non-poor rural households in the seasonal profile are not that great, but the poor seem to begin consumption of their harvest at an earlier date than do the non-poor. This early consumption of own-produce might be due to desperation on the part of the

Figure 2.6.2 Rural Food Shares by Month



Source: 1995/96 ICES. The month of the interview is provided alone in the horizontal axis.

poor; they cannot afford to wait for a mature harvest. On the other hand, it might just reflect earlier results showing that rural poverty tends to be found in the drier regions of the country where the harvest season begins earlier than in the high-rainfall zones.

The rural poor are clearly more vulnerable to maize price increases during the earlier months of the year (January through May) when their own food stocks are depleted and they rely on markets for purchase of food.

Asset Ownership and Poverty

Ownership of certain key household assets is widespread in Zimbabwe, and patterns of ownership follow expectations, as non-poor households are more likely to own key assets than are the poor and very poor. About 51 percent of all Zimbabwean households report owning a radio, 22 percent own stoves and slightly more than 18 percent own bicycles and televisions. Over 67 percent of non-poor households own radios, while only 34 percent of the extreme poor do so, yet the radio is the most commonly owned asset for the extremely poor (table 2.6.9).

Bicycle ownership is not closely associated with poverty status although non-poor households are slightly more likely to own bicycles than are the poor and very poor. About 20 percent of non-poor households own bicycles, compared to 18 and 17 percent, respectively, of the poor and extremely poor.

Table 2.6.9 Percentage Households Owning Selected Assets, by Poverty Status

	Poverty Status of the Household			
Percent owning	**Non poor**	**Poor**	**Very Poor**	**All Zimbabwe**
Radio	67.2	41.9	33.9	51.0
Television	32.5	10.2	3.6	18.2
Refrigerator	20.8	3.7	0.9	9.9
Stove	39.0	12.6	4.5	22.1
Heater	15.5	3.2	0.9	7.6
Bicycle	19.7	18.0	17.0	18.6
Automobile	10.3	1.0	0.3	4.3

Source: 1995/96 ICES. Poor households have consumption expenditures below the upper poverty line (TPL), while the very poor are below the lower poverty line (FPL).

Television, refrigerator, stove, heater and automobile ownership is closely correlated with poverty status. Less than 1 percent of the very poor households own either refrigerators or heaters, and only 0.3 percent of the very poor own automobiles. Non-poor households are three times as likely as poor households to own televisions and stoves, five times as likely to own refrigerators and heaters, and more than ten times as likely to own an automobile.

Asset ownership more clearly distinguishes poor and non-poor households in rural areas than in urban areas (table 2.6.10). Much of the ownership patterns noted above are related to the much higher prevalence of poverty in rural areas and the fact that rural electrification is limited in Zimbabwe. Far smaller percentages of rural households own electrical appliances such as televisions, refrigerators, etc., and the rural poor have virtually none of these assets. The rural non-poor are twenty times as likely as the poor to own a refrigerator, ten times as likely to own a stove, and about eight times as likely to own an automobile.

Table 2.6.10 Percentage of Household Ownership of Assets by Poverty Status, Urban and Rural Areas

Asset	Rural		Urban	
	Poor	Non Poor	Poor	Non poor
Radio	34.2	53.4	67.8	76.9
Television	2.2	9.9	37.0	48.5
Refrigerator	0.2	4.7	15.4	32.1
Stove	0.7	6.1	52.5	62.2
Heater	0.1	2.5	13.7	24.7
Bicycle	18.1	19.4	17.5	20.0
Automobile	0.4	3.8	3.0	14.9

Source: 1995/96 ICES. Poor households have per-capita consumption expenditures that are below the upper poverty line (the TPL). Very poor households are below the lower line.

In urban areas, ownership of refrigerators and automobiles most clearly distinguishes poor from non-poor households. Non-poor urban households are about four times as likely as the poor to own an automobile, and about twice as likely to own a refrigerator. Large percentages of urban poor households own televisions, stoves, and radios, but ownership of all these assets is more likely for non-poor households. Roughly equal percentages of poor and non-poor households own bicycles in both rural and urban areas.

There are major differences in use of energy by poor and non-poor households in Zimbabwe; these differences are only partly due to the higher prevalence of poverty in rural compared to urban areas. About 53 percent of the non-poor households have access to electricity while only 19 percent of the poor do. However, in urban areas, the difference between poor and non-poor households is much smaller. More than 73 percent of urban poor households have access to electricity, compared to 82 percent of non-poor households. In contrast, in rural areas, 11 percent of non-poor and only 2.1 percent of poor households have access to electricity. In rural areas, virtually all poor households use wood to cook (98.6 percent), while about 81 percent of the non poor use wood.

Table 2.6.11 Percent Access by Households to Energy Sources by Poverty Status, Rural and Urban Zimbabwe

Energy Sources	Rural Areas		Urban Areas		All Zimbabwe	
	Poor	Non Poor	Poor	Non Poor	Poor	Non Poor
Access to Electricity	2.1	11.0	73.1	81.9	19.0	52.8
Cooking Fuel						
Electricity or Gas	0.5	5.9	47.6	60.8	11.7	38.3
Paraffin	1.0	13.5	39.7	33.7	10.2	25.4
Wood or Coal	98.6	80.6	12.6	5.4	78.1	36.3

Source: 1995/96 ICES. Poor households have per-capita consumption expenditures below the upper poverty line (the TPL).

Housing

Poor households are much more likely to own/occupy their own home than any other form of housing/tenure arrangements. Overall, about 74 percent of poor households own their own dwelling while non-poor households are split among the other tenure types (table 2.6.12). Much of this relationship, however, is due to the rural/urban distribution of poor households. In rural areas, especially in resettlement and communal areas, virtually all households own their own dwelling. The prevalence of household poverty is very high in these areas. In urban areas, there are only minor differences in tenure patterns by poverty status. Forty-four percent of the urban poor own their own dwelling while 33 percent of the non-poor do. Unfortunately, the ICES does not permit an analysis of housing quality (see CSO, 1995b).

Table 2.6.12 Distribution of Household Tenure Status, by Urban/Rural and Poverty Status

Type of Ownership	Rural Areas		Urban Areas		All Zimbabwe	
	Poor	Non Poor	Poor	Non Poor	Poor	Non Poor
Owner/purchaser	83.2	46.6	43.8	32.9	73.8	38.6
Tenant or Lodger	2.0	4.5	39.7	47.0	11.0	29.6
Tied Accommodation	14.4	48.1	13.8	17.3	14.3	30.0
Other	0.4	0.8	2.6	2.7	0.9	1.9
Total	**100**	**100**	**100**	**100**	**100**	**100**

Source: 1995/96 ICES. Poor households have per-capita consumption expenditures below the upper poverty line (the TPL).

3. SECTORAL PROFILE OF POVERTY

3.1 Rural Poverty and Agriculture

Poverty, as seen above, is more prevalent, deeper and more severe in rural areas than it is in urban areas. It is also irregularly distributed among rural areas. Matabeleland North has the highest prevalence of poverty, followed by rural Mashonaland Central, and Matabeleland South and Masvingo (table 3.1.1). Matabeleland North, Matableland South and Masvingo are among the driest and most drought-prone areas of the country. Rural poverty is worst in Matabeleland North. Seventy four percent of rural households in Matabeleland North are extremely poor, and the depth and severity indices there are worse than for the other provinces. Rural Manicaland houses more rural poor households than any other province in Zimbabwe, although the prevalence of poverty there is lower than in several other provinces[1].

Table 3.1.1 Household Poverty by Province, Rural Zimbabwe

		Prevalence (%) of			
Province	**% Poor Households**	**Poverty**	**Extreme Poverty**	**Poverty Depth**	**Poverty Severity**
Manicaland	21.8	73.3	47.6	48.4	27.9
Mashonaland Central	12.8	85.2	50.9	53.1	33.2
Mashonaland East	13.2	69.0	36.0	47.1	27.0
Mashonaland West	11.7	72.3	48.0	49.5	29.6
Matabeleland North	6.8	87.2	74.4	57.7	37.8
Matabeleland South	7.4	80.2	56.1	52.1	32.2
Midlands	12.4	74.3	51.8	47.6	27.2
Masvingo	13.8	80.0	57.8	54.6	34.8
Total	**100%**	76.2	50.4	50.6	30.5

Source: 1995/96 ICES. Poverty refers to the prevalence of households or people in households whose consumption expenditures per capita are below the upper poverty line (the TPL). Extreme poverty represents a shortfall below the lower poverty line (FPL). The poverty gap and the severity indices are the Foster, Greer and Thorbecke $\alpha=1$ and $\alpha=2$ measures, respectively (see Ravallion, 1992 for details). These indices are computed using the upper poverty line.

Within rural areas, patterns of poverty are consistent with the traditional dualism in Zimbabwe's agricultural sector. Resettlement and communal farming areas have the highest prevalence of household poverty, and are far worse than commercial farms by all measures (table 3.1.2). Resettlement areas have the highest overall prevalence of poverty but the depth and severity indices in RAs are slightly lower than in CAs. Resettlement areas are more homogeneously poor than CAs since the latter have more inequality among the poor. In resettlement areas, a large percentage of poor households have consumption levels that fall between the two poverty lines. This bunching leads to the relatively lower prevalence of extreme household poverty in these areas compared to CAs (56.6 versus 57.4 percent). The bunching also implies the lower depth and severity indices. Thus, although RAs have the highest proportion of households falling below the TPL (the upper line), those households are less severely poor than those below the TPL in CAs.

[1] Patterns of poverty among "people" mirror those among households; for details on poor people in rural areas, please see Annex E, table E.2.4 and E.2.5.

Table 3.1.2 Rural Household Poverty Indices by Land Use Areas

Land Use Area	Prevalence (%) of		Poverty Indices	
	Poverty	Extreme Poverty	Poverty Gap Index	Poverty Severity Index
Communal Areas	81.7	57.4	52.7	32.5
Small scale Commercial Farms	66.4	32.8	40.7	21.5
Large scale Commercial Farms	56.0	26.8	41.4	21.6
Resettlement Areas	88.1	56.6	50.7	30.3

Source: 1995/96 ICES. Poverty refers to the prevalence of households or people in households whose consumption expenditures per capita are below the upper poverty line (the TPL). Extreme poverty represents a shortfall below the lower poverty line (FPL). The poverty gap and the severity indices are the Foster, Greer and Thorbecke α=1 and α=2 measures, respectively (see Ravallion, 1992 for details). These indices are calculated using the upper poverty line.

Small increases in consumption expenditures will lead to a large reduction in the measured prevalence of households below the upper poverty line in RAs. Because of the bunching of households between the two poverty lines, a distributionally neutral increase in levels of well being (such as would result from an improvement in the rural/urban terms of trade or a more favourable agricultural year) will lift many RA households out of poverty. The same is true for CAs, but to a lesser extent, since the depth and severity indices there are higher than in RAs. In fact, the 1995 drought may help explain the high measured prevalence of poverty in RAs; many of the households that are identified as poor may be short-term poor who had a bad year due to drought.

Although SSCFs have a much higher prevalence of poverty and extreme household poverty than LSCFs, the poverty gap and severity indices are similar for the two areas. This result implies that there is a stronger degree of inequality among poor households on LSCFs, and that many LSCF residents have consumption expenditures that are far below the TPL. This finding is consistent with a number of other studies showing that poverty among many workers on LSCFs is particularly severe (see World Bank, 1996(a) for discussion). Special attention to an analysis of conditions on LSCFs is given in Annex D.

Dualism in agriculture is also evident in the differences in the severity of poverty between communal and resettlement areas and commercial farms. The latter have far lower indices of severity, indicating that the poor on commercial farms are relatively equal. There is a dualism within the dualism; workers in commercial farms are homogeneously poor while owners and managers tend not to be.

There is a strong relationship between land quality and all the aggregate measures of poverty in rural areas. The prevalence of household poverty increases from high-productive and high rainfall lands in natural region I to the low-potential lands in natural region IV. The prevalence of extreme poverty and the depth and severity indices show an even stronger association of poverty with productive potential of land. These values increase monotonically as land quality (reflected by natural region) decreases. Although the prevalence of poverty is slightly lower in NR V than it is in NR IV, the prevalence of extreme poverty is higher, as are the depth and severity indices (table 3.1.3).

The types of land use found in each region explain much of the relationship between natural region and poverty. Since the best land (NRs I and II) contains the highest proportion of commercial farms, poverty in these regions is lowest (see table F.7 for a breakdown of poverty by natural region, controlling for land use).

Household size and poverty in rural areas

Households in rural areas generally have more members than those in urban areas. As we saw above, poverty throughout Zimbabwe is closely related to household size. In rural areas, this relationship is especially strong. The pattern of household sizes by land use is further evidence of the dualism in agriculture. In commercial farms, small-sized households are common. Sixty percent of households in LSCFs have three or fewer members, and 35 percent in SSCFs are of similar size. In communal and resettlement areas, average household sizes are larger, and small-sized households are much less common.

Table 3.1.3 Poverty by Natural Region in Rural Areas

Natural Region	Prevalence (%) of		Poverty Indices	
	Poverty	Extreme Poverty	Poverty Gap Index	Poverty Severity Index
NR I	62.4	36.2	44.4	24.7
NR II	71.6	41.2	48.9	29.0
NR III	77.3	51.4	50.4	29.7
NR IV	81.6	57.2	51.7	31.6
NR V	79.5	61.8	55.7	35.7

Source: 1995/96 ICES. The poverty gap and the severity indices are the Foster, Greer and Thorbecke α=1 and α=2 measures, respectively (see Ravallion, 1992 for details). These indices are calculated using the upper poverty line.

Table 3.1.4 Percent Distribution of Households by Size and Rural Land Use

Household Size	Communal Areas	Small Scale Commercial Farms	Large Scale Commercial Farms	Resettlement Areas	Total Rural
1	7	15	30	3	11
2 -3	20	20	30	16	22
4 – 5	30	24	22	23	28
6 – 7	25	23	13	27	23
8+	18	18	6	31	16
Total	100	100	100	100	100
Mean Size	5.3	4.9	3.4	6.2	4.9

Source: 1995/96 ICES. Note that 73.7, 3.5, 19.9, and 2.9 percent of rural households are in CAs SSCFs, LSCFs, and RAs, respectively.

Resettlement areas are characterised by the largest sized households. Fifty-eight percent of households in RAs have 6 or more members while only 43 percent of communal households are that large (table 3.1.4). Resettlement areas are likely to be

more prone to poverty given the difficulty to accumulate wealth often associated with large households.

The poverty status of the household is closely related to household size in all land use areas of rural Zimbabwe (table 3.1.5). The prevalence of poverty grows consistently with household size, and the other indices (extreme poverty, depth, and severity), which are not shown, increase in a similar manner. Very large households in every area are almost uniformly poor. In LSCFs, there is a very low prevalence of poverty for very small households, and smaller households everywhere are generally better off. There is a jump in the likelihood that a household is poor as the household size grows beyond three members, as the prevalence and other indices increase dramatically at that point.

Table 3.1.5 Prevalence of Household Poverty by Size and Rural Land Use

Household Size	Communal Areas	Small scale Commercial Farms	Large scale Commercial Farms	Resettlement Areas	Total Rural
1	35.2	21.1	13.2	31.6	23.3
2 -3	68.5	50.9	55.2	67.4	64.3
4 – 5	84.4	77.4	82.0	92.0	84.0
6 – 7	91.9	77.7	88.9	95.2	91.2
8+	95.5	92.5	96.8	95.6	95.5

Source: 1995/96 ICES. Prevalence of poverty refers to the proportion of total households whose per capita consumption expenditures are below the upper poverty line (the TPL).

The dependency picture in rural areas is similar to that for Zimbabwe as a whole. Rural poor households are characterised by much higher dependency ratios than non-poor households. There are also stark differences across land use areas; and these differences reflect the dualism mentioned above. Non-poor households in LSCF areas are likely to be single-person households; as soon as a dependent is present, there is a much higher likelihood of poverty. Poor households in LSCFs have about 4 times as many dependents per worker than do non-poor households (table 3.1.6).

Employment, Incomes and Wealth

The vast majority of rural workers are own-account workers or paid employees. On communal farms, about 90 percent of all workers are own-account workers or unpaid family workers, and on resettlement farms, this proportion reaches 95 percent. As seen in chapter 2, these occupations are most likely to be associated with household poverty. There are few permanent paid employees in rural areas, and virtually all of these are found on LSCFs[2].

[2] It is important to recognise that the ICES interviews many more workers and employees than employers on commercial farms. Few farm owners enter the sample in the commercial farming areas.

Table 3.1.6 Dependency Ratios by Poverty Status in Rural Areas

	Non Poor	Poor	Very Poor	All Households
Communal Areas	1.088	1.737	1.820	1.642
Small scale Commercial Farms	0.785	1.538	1.905	1.316
Large scale Commercial Farms	0.274	1.032	1.398	0.736
Resettlement Areas	0.930	1.618	1.696	1.540
All Rural	0.668	1.621	1.772	1.396

Source: 1995/96 ICES. Poor households have per-capita consumption expenditures below the upper poverty line (the TPL). Very poor households are below the lower line (the FPL).

As in urban areas, the poverty status of rural households is closely associated with the main source of income of the household head. A household whose head has communal/resettlement farming as a main activity is much more likely to be poor and very poor than a household headed by a permanent or even casual employee (table 3.1.7). The relationship between the main activity of the household head and likelihood of household poverty that was observed in chapter 4 continues for all rural areas of Zimbabwe.

Seasonality

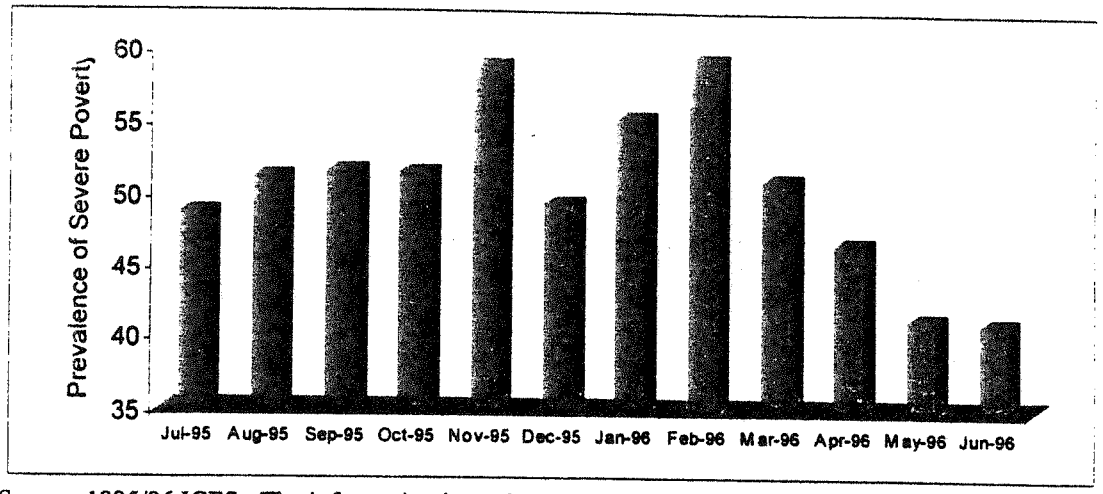
Poverty follows a predictable seasonal pattern in rural areas of Zimbabwe. Poverty is lowest in the months immediately preceding and following the harvests (May and June). The prevalence of measured poverty grows toward the end of the year but drops in December as consumption rises during the holiday seasons. It continues to increase through January and February, when it begins to drop again as harvests approach and green maize begins to be available. Although the ICES 1995/96 followed a year of drought (harvests in May and June 1995 were well below normal), the pattern of extreme poverty follows a predictable pattern (figure 3.1.1). Part of the impact of drought in rural areas is evident in figure 3.1.1. The prevalence of extreme household poverty was higher in July, August and September, 1995 than it was in April, May and June 1996. Since these three months periods fall around harvest time, it would be expected that similar levels of poverty would exist. The impact of drought is investigated in more detail below.

Table 3.1.7 Prevalence of Household Poverty by Main Activity of the Household Head, Rural Zimbabwe

Main activity	Land Use Area			
	Communal Areas	Small scale Commercial Farms	Large scale Commercial Farms	Resettlement Areas
Permanent paid employee	43.4	43.7	55.6	72.9**
Casual/temporary employee	56.6	89.8**	55.6	79.6**
Communal/resettlement own-account worker	86.1	75.2	61.2**	88.6
Other own-account worker	76.2	79.8	63.1	88.1**
Other	78.4	45.6	74.8	69.5

Source: 1995/96 ICES. Prevalence is the percentage of households below the upper poverty line (the TPL). ** Refers to small numbers of observations in the cells, and numbers should be interpreted cautiously.

Figure 3.1.1 Seasonal Poverty in Rural Zimbabwe



Source: 1995/96 ICES. The information is on the prevalence of extreme (the proportion of households below the FPL) rural poverty according to the month of the interview. The ICES is representative on an annual basis and was not intended to be statistically representative on a monthly basis; this figure is illustrative only.

Land and Agriculture

The seasonal pattern of rural poverty is mainly due to the agricultural cycle, and, as is seen below, agriculture dominates the rural economy. Land and access to land are often close correlates of poverty but evidence discussed above indicates that land holdings may not be closely associated with poverty.

Interestingly, land holding size per household in RAs and CAs is fairly constant, whether the household is poor or not. In fact, poor households in both RAs and CAs tend to have access to more land than non-poor households. Even using natural regions to control for land quality, the poor have roughly equal or better access to land than the non poor (table 3.1.8). Land holdings for poor households in communal lands do not vary much between natural regions (outside NR I). In resettlement areas, mean holding sizes for poor households are about four hectares in NRs II and III, and about five hectares in NRs IV and V. This finding reflects the nature of land allocation for both RAs and CAs (see chapter 1). It also explains the close correspondence between poverty and natural region on RAs and CAs shown above. However, as seen below, household size and dependency are as important as land quality in explaining rural poverty.

The key variables that determine how land availability affects household poverty status are the number of workers and number of total people in the household per unit of land[3]. Non- poor households have more land per worker and about 50 percent more land per person than poor households in both resettlement areas and communal areas (table 3.1.8).

[3] Of course, off-farm income sources are an important determinant of household poverty status (e.g. Kinsey), but here we are referring to the relationship between *holding size* and poverty.

Table 3.1.8 Land Holding Size and Household Poverty in Rural Areas

Natural Region	Land (Hectares)		Land per Worker		Land per Person	
	Poor	Not Poor	Poor	Not Poor	Poor	Not Poor
Communal Areas	1.97	1.88	0.98	1.11	0.41	0.70
Resettlement Areas	4.09	3.74	1.75	2.21	0.73	1.34
Natural Region I						
Communal Areas	1.05	0.92	0.61	0.63	0.25	0.44
Resettlement Areas	-.-	-.-	-.-	-.-	-.-	-.-
Natural Region II						
Communal Areas	1.74	1.79	0.84	1.07	0.38	0.66
Resettlement Areas	3.96	3.06	1.37	1.41	0.69	0.85
Natural Region III						
Communal Areas	2.11	2.02	1.02	1.06	0.43	0.71
Resettlement Areas	3.88	3.91	1.79	1.49	0.69	0.90
Natural Region IV						
Communal Areas	2.03	1.86	1.02	1.10	0.41	0.65
Resettlement Areas	4.88	4.47	2.02	3.36	0.90	1.62
Natural Region V						
Communal Areas	2.09	1.97	1.06	1.58	0.43	1.01
Resettlement Areas	4.91	4.86	1.95	3.64	0.86	2.02

Source: 1995/96 ICES. Poor households have per-capita consumption expenditures below the upper (TPL) poverty line. No RAs in NR I fell into the ICES 1995/96 sample.

Even controlling for land quality (using natural regions as a rough proxy for land quality), the poor in CAs and RAs are distinguished by high dependency and small holding size per household member. These findings confirm a number of important implications for policymakers. First, the land/poverty relationship is confounded by household size and the number of dependants. The concept of land scarcity needs to be defined in terms of people and workers, and not in terms of land holding per household. Poor households are land scarce in the sense that they have inadequate land per person. This finding helps explain some earlier findings (such as the PASS study) that people often do not think that access to land is an important determinant of poverty status. Here we see that access to land, conditioned on the size of the household, is very closely related to poverty.

The second implication is that high rates of rural population growth will lead to increased impoverishment, unless means of increasing access to land or land productivity are found, alternative sources of income generation emerge in CAs and RAs, or migration to urban areas is promoted. As over crowding occurs in communal and resettlement areas, the potential of the land base to support households with more members is compromised. Means are needed of increasing the productivity of existing land through, for example, better water management, improved varieties of drought-tolerant crops, expanded irrigation, extension of winter crops.

Agriculture has to figure prominently into plans for rural poverty alleviation. Without substantial growth in agricultural productivity, livelihoods in rural areas are not likely to improve substantially in the short-to-medium term. There are two basic means of ensuring growth in traditional agriculture: 1) removal of structural constraints, such as inequitable land allocation; and 2) sustained productivity increases on existing

holdings. The second means can only be attained with an active research complex that provides a steady flow of usable technologies to traditional farmers. Alternatively, off-farm income opportunities or migration to urban areas may release some of the population pressures.

Third, there is too much rigidity in land markets. This rigidity keeps holding sizes in communal and resettlement areas constant while population grows. Government should investigate means of promoting land transfers in these areas. Such transfers would be consistent with resettlement and land taxation policies which are designed to promote more intensive use of underused farmland. An example would be to provide land titles to communal farmers on a pilot basis. If an active land market emerges, part of the overcrowding will be addressed.

Fourth, resettlement schemes ought to be flexible; uniform land allocations and inability to transfer or acquire additional lands in resettlement areas hamper the poverty-reducing potential of these schemes. Those households that are better able to farm should be able to consolidate their holdings to accommodate increased household sizes. The possibility of acquiring more land enables more efficient farmers to prosper. Fifth, if a targeted poverty alleviation programme is considered, it should not be targeted based on holding size, rather based on holding per person in the household. Land holding size per household is clearly an inappropriate indicator of poverty. Sixth, mechanisms should be worked out to facilitate the shedding off of mature children from RA households. Households in these areas tend to have most members probably because young families do not easily separate from their parents' households as land is not allocated through the traditional means used in communal areas.

Table 3.1.9 Livestock Ownership by Land Use Area

Livestock	Mean Household Ownership (No. Heads)			
	Communal Areas	Small scale Commercial Farms	Large scale Commercial Farms	Resettlement Areas
Cattle	2.8	5.5	3.4	5.5
Poultry	8.0	12.7	7.3	6.6
Pigs	0.1	0.2	0.0	0.1
Sheep	0.2	1.1	0.7	0.2
Goats	3.8	2.9	1.1	2.3
Other livestock	0.5	0.5	0.5	0.4

Source: 1995/96 ICES

Asset Ownership in Rural Areas

Households in rural areas tend to store their wealth in livestock. Households in all areas own more poultry (on average) than other types of livestock, followed by cattle and goats. Small scale commercial farms have on average the largest number of livestock holdings. Resettlement farmers own more cattle (5.5 to 2.8) than communal households but slightly less of other types of livestock (table 3.1.9).

There is a close correspondence between ownership of livestock and household well being in all land use areas except RAs (table 3.1.10). In RAs, poor households tend to own as much or more livestock, on average, than the non poor. This finding is in line with the other findings on RAs; households there seem to be accumulating assets, but there is a high prevalence of poverty in RAs. The poor agricultural year in 1995 was likely to have pushed many of these RA households into a temporary state of poverty. Ownership of cattle is a strong indicator of household well being on LSCFs but in other areas, poor households own, on average one to two fewer heads of cattle than non-poor households.

There is a wide degree of variation in productive asset ownership across rural areas in Zimbabwe (tables 3.1.11 and 3.1.12) but asset ownership is not closely associated with poverty. Households in resettlement areas are fairly well endowed with productive assets, such as ploughs, scotch carts and wheelbarrows. Ownership rates on RAs are higher than other rural areas for all assets except for tractors which are not widely owned in rural Zimbabwe.

Table 3.1.10 Livestock Ownership by Land Use and Household Poverty Status

Mean Ownership of	Communal Areas		Small scale Commercial Farms		Large scale Commercial Farms		Resettlement Areas	
	Poor	Non Poor	Poor	Non Poor	Poor	Non Poor	Poor	Non Poor
Cattle	2.6	3.6	5.0	6.8	0.2	9.7	5.4	5.9
Poultry	7.5	10.3	10.1	20.2	5.8	10.3	6.7	5.9
Pigs	0.1	0.1	0.0	0.7	0.0	0.0	0.1	0.1
Sheep	0.2	0.3	0.8	1.9	0.0	2.0	0.2	0.1
Goats	3.8	4.1	2.5	4.1	0.2	2.6	2.2	3.0
Other Livestock	0.5	0.4	0.4	1.1	0.5	0.6	0.4	0.3

Source: 1995/96 ICES. Poor households have per-capita consumption expenditures below the upper poverty line (the TPL).

There is significant asset accumulation in resettlement areas but a paradox emerges as (noted above) RAs also have high levels of poverty. A partial explanation may be found by examining particular assets by household poverty status. Poor households in RAs are much more likely to own ploughs than non-poor households. If plough ownership is an indication of dependence on agriculture, then poor RA households might be more completely specialised in agriculture than non-poor households. Poor RA households, however, also tend to own other assets, such as bicycles, scotch carts, and wheelbarrows. These results are consistent with an improving asset position among RA households. The bunching of households in RAs with consumption expenditures between the two poverty lines (noted above), combined with the evidence here on relatively equal ownership of livestock and productive assets indicates a high potential for poverty reduction in RAs. A critical question that needs to be answered is why poverty continues to be so high in RA households.

Plough ownership is not associated with poverty in any land use area; higher percentages of poor households own ploughs than do non-poor households.

Table 3.1.11 Percentage Households Owning Productive Assets in Rural Areas

Percent owning	Communal Areas	Small scale Commercial Farms	Large scale Commercial Farms	Resettlement Areas
Plough	52.6	43.5	1.1	79.6
Tractor	0.7	3.0	0.3	1.2
Bicycle	17.8	22.0	18.6	28.0
Scotch	21.8	26.1	0.5	48.2
Wheel barrow	31.3	32.4	2.0	38.3
Grinder	0.9	1.9	0.5	0.5

Source: 1995/96 ICES.

Bicycle ownership is associated with higher levels of consumption expenditures in communal areas and on small scale commercial farms, but not in the other rural land-use areas. This finding might be attributed to bicycles being a normal good; as incomes increase there is more demand for bicycles. On LSCFs, single-member households have, by far, the lowest prevalence of poverty. Since the presence of children in households tends to be correlated with bicycle ownership, the negative correlation between bicycle ownership and well being on LSCFs may be related to household structure. On RAs, the lack of correlation is more difficult to explain but households of smaller size (and hence, less likely to have children of bicycle-riding age) are also less likely to be poor.

Table 3.1.12 Productive Asset Ownership by Poverty Status, Rural Zimbabwe

	Communal Areas		SSCFs		LSCFs		Resettlement Areas	
	Poor	Non Poor	Poor	Non Poor	Poor	Non Poor	Poor	Non Poor
Plough	54.0	46.1	46.0	38.2	1.0	1.1	80.9	69.9
Tractor	0.5	1.9	2.4	5.0	0.0	0.7	1.0	3.0
Bicycle	17.2	20.4	20.5	25.1	19.9	16.9	28.7	23.4
Scotch Cart	21.4	23.1	26.9	24.2	0.7	0.3	48.3	47.3
Wheel barrow	29.9	37.8	31.5	34.4	1.5	2.6	37.1	47.7
Grinder	0.7	1.5	2.3	1.0	0.1	9.6	0.6	0.0

Source: 1995/96 ICES. Poor households are defined as households whose per-capita consumption expenditures fall below the upper poverty line (the TPL).

The asset position of residents on LSCFs is consistent with expectations. Because there are many workers on each farm (and only 1 owner or manager), average asset ownership in this "sector" is low. Most of these workers do not possess tools because they use the commercial farm's implements to conduct their work. While many of these workers are allocated small plots of land to cultivate and produce food crops for their families, total output on these plots is likely to be low, due to the lack of capital goods[4].

[4] The fact that there is a plausible relationship between individual worker plot production and poverty status among workers on LSCFs supports the argument that the ICES should attempt to collect information on family plot size for LSCF (and SSCF) workers.

Impact of Drought on Poverty

All the evidence presented so far shows that drought can have a significant impact on well being, especially in rural areas. High dependency on agriculture as a source of income and own consumed products, limited employment opportunities outside agriculture, and the use of livestock as a store of wealth all indicate that rural areas are highly vulnerable to droughts.

The drought during the 1994/1995 agricultural season had a major impact on agricultural yields, particularly for rainfall-dependent crops such as maize (see Chapter 1 for information on average declines in yields). The direct effect of drought on households occurs through lost consumption or incomes due to yield declines. Employment opportunities in agriculture-based industries also decline. Indirectly, drought affects the entire population by depressing economic activity and increasing prices of basic commodities. While it is beyond the scope of this study to provide a complete analysis of the drought impact, it is useful to present some approximations of its direct effects.

The ICES survey was conducted during the months July 1995-June 1996, and it is expected that rural consumption, particularly food consumption, was below normal, particularly in July 1995 through early 1996. This is one reason why the estimated prevalence of poverty is so high; 1995 was a bad year, especially in rural areas.

As a first approximation of the likely decline in consumption expenditures due to production shortfalls, own-consumption expenditures are examined for rural areas, and compared to 1990/91 which was a more normal agricultural year. The reason that this is a first approximation is that it ignores the effect of drought on crop sales (both food and non-food) and the effects of reduced employment opportunities and earnings. In addition, sales of assets and changes in the net value of the household are not captured in this approximation.

Because of the reduced agricultural output, own-consumption expenditure levels were below levels found in a normal year[5] (table 3.1.13). The mean monthly real value of own consumption in 1990/91 was significantly higher than the corresponding month in 1995/96. The months following the 1995 harvest were, as expected, the times when the value of own-consumption fell, relative to their values in a 'normal' year, most dramatically. Thus, own consumption in October 1995 is only about 31 percent of its real value in October 1990. Similar shortfalls are evident for July, August, and the other months at the end of 1995. The declines in the value of own-consumption in early 1996 are an indication of the persistent effects of drought; households probably sold higher quantities of their crop in 1996 than they would in an ordinary crop year in order to replenish cash reserves.

Given that holding sizes have not changed significantly in the 1990s, and assuming that similar amounts of land would be devoted to own-consumable products in the two survey years, the real difference in the value of own consumption provides a first-order estimate of the impact of drought. By adjusting the value of own-consumption

[5] The 1990/91 year is used for comparison purposes. 1990/91 was a year of normal rainfall patterns, but is used for comparison purposes because the ICES was conducted during 1990/91. The information on own-consumption from 1990/91 is used in comparison to 1995/96.

from the 1995/96 ICES upward proportionately (by the percent difference), a new "estimate" of the prevalence of rural poverty may be obtained[6].

Table 3.1.13 Own-Consumption Shares and Values, Rural Zimbabwe, 1990/91 and 1995/96

Month	Share Own Consumption		Value ($ July 1995) Own Consumption		
	ICES 1990/91 (%)	ICES 1995/96 (%)	ICES 1990/91	ICES 1995/96	% Difference (Value 1990/ Value 1995 * 100)
July	32.3	30.5	147.20	93.82	157
August	29.7	26.0	159.83	80.17	199
September	36.6	25.1	158.72	80.56	197
October	34.1	18.2	152.86	47.84	320
November	28.4	21.3	126.04	59.00	214
December	34.3	23.3	177.05	83.07	213
January	35.5	29.3	200.34	93.14	215
February	36.4	36.9	150.69	126.08	120
March	43.7	36.4	276.28	144.04	192
April	42.4	41.7	212.77	167.08	127
May	39.1	33.4	197.47	119.15	166
June	35.8	31.7	160.77	99.54	162

Source: Own-consumption estimates from ICES 1990/91 and 1995/96.

If patterns of own consumption had followed their patterns in a 'normal' year, the estimated prevalence of household poverty in Zimbabwe would be about 3 percent lower than the measured prevalence (see table 3.1.14). The national prevalence of extreme poverty would have fallen from about 36 percent to about 31 percent, and the severity index by about 4 percent (table 3.1.14 should be compared with table 2.1.1). Since the poorest segments of the population tend to be most dependent on own consumption as a source of well being, the drought had a strong tendency to increase the severity of poverty and the proportion of extremely poor households.

Because rural areas are more dependent on agricultural output (and own-consumption), the estimated prevalence of rural poverty would drop by much more than in urban areas but the estimated prevalence of urban poverty would also fall slightly. In the absence of the drought, the proportion of extremely poor households would be just under 43 percent, compared to the 50 percent prevalence actually measured in the survey. In rural areas, the increase in prevalence of poverty due to the drought is greatest in communal and resettlement areas. These estimates indicate, for example, that the prevalence of extreme poverty on resettlement areas was more than 10 percentage points higher, because of the drought, than it would be in an ordinary year.

[6] The value of own consumption for each household from 1995/96 was multiplied by the percentage adjustment factor in table 3.1.13. The adjustment was made based on the month of the survey. This amount was added to total household consumption and a new measure of consumption expenditures per capita was computed.

Table 3.1.14 Revised Household Poverty Indices; 'Normal' Year Own Consumption Estimates

Land Use Area	Prevalence (%) of Poverty	Extreme Poverty	Depth Index	Severity Index
All Zimbabwe	60.2	30.8	44.1	24.4
Rural Areas	71.5	42.8	47.0	26.9
Urban Areas	40.8	10.0	35.1	16.7
Rural Areas				
Communal Areas	76.4	48.3	48.7	28.4
Small Scale Commercial Farms	58.7	24.6	37.0	18.3
Large Scale Commercial Farms	54.0	25.4	40.6	20.9
Resettlement Areas	82.0	46.3	45.9	25.7

Source: ICES 1995/96, with adjustments made to reflect own-consumption expenditure levels that are consistent with a more 'normal' crop year.

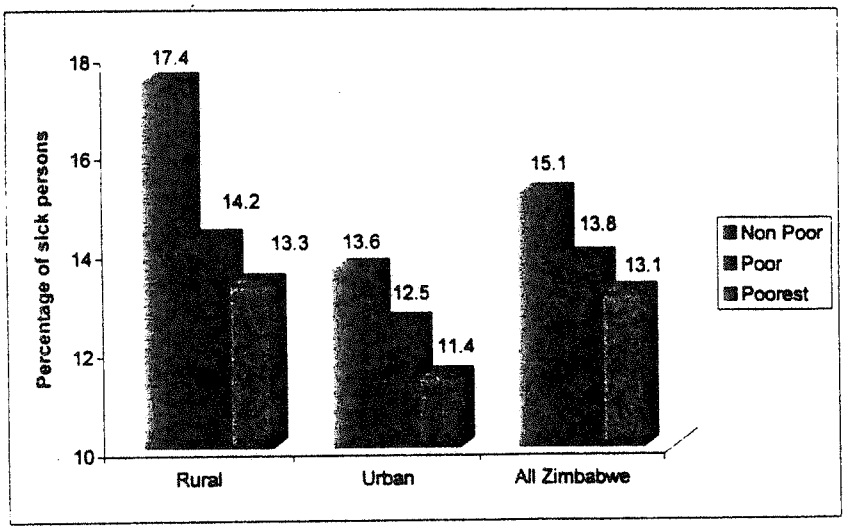
Drought had a significant impact on measured poverty in 1995/96. This impact was most acute in rural areas, and, within rural areas, in communal and resettlement areas. These estimated impacts understate the actual impacts of drought, and incomes and asset ownership are also likely to have declined due to the drought. These declines would lower consumption expenditures and exacerbate the poverty situation in rural areas. However, as the growth elasticities in Chapter 2 show, there is strong potential for poverty reduction through broad-based growth, especially in areas affected by the drought.

3.2 Health and Poverty

Poor people are less likely to report illness than the non-poor, and the poorest are least likely to say that they are ill. The differences are small (15.1 percent illness rate for the non-poor versus 13.1 percent for the very poor (the poorest)) but may indicate subjective differences in what it means to be ill, based on socioeconomic status. The poor may be less likely to recognise an illness, either due to lower levels of education, or inability to afford costs associated with treatment of illness. People in rural areas from all socio-economic groups are more likely to report being ill than their urban counterparts (Figure 3.2.1).

Females are more likely to report being ill than males. The pattern of illness by sex follows the same pattern as the population in general: poor people, regardless of sex are less likely to report being ill than non-poor; and illness is more common in rural areas than in urban areas. In all cases, the percentage of females reporting an illness exceeds the percentage of males (see Annex E, table E.3.2.1). It is beyond the scope of this study to investigate the reasons behind the higher illness among females but poor female health status might be associated with longer working days.

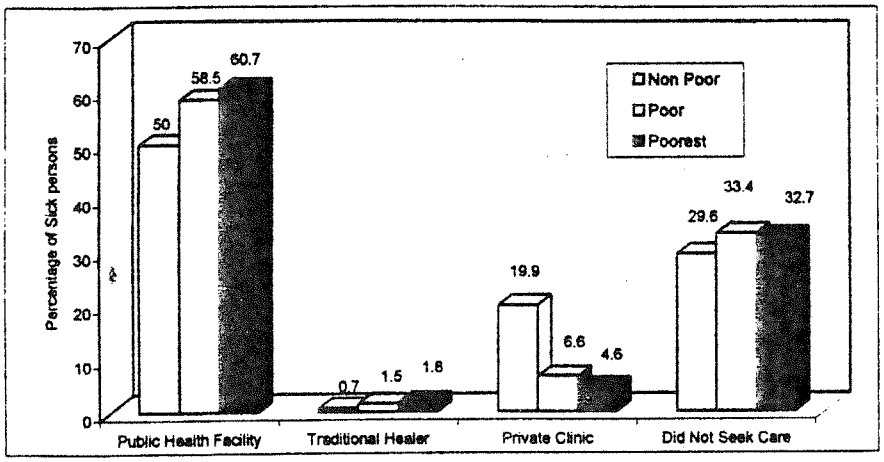
Figure 3.2.1 Prevalence of Illness by Poverty Status and place of residence.



Source: 1995/96 ICES. The percentages are of people reporting being ill in the past 30 days.

In both rural and urban areas, the poor and poorest people are more likely to seek treatment in a public health facility than are the non-poor and are less likely to substitute care in private clinics for the services of these facilities (figure 3.2.2). Almost 61 percent of the poorest people use public health facilities for treatment while 50 percent of the non-poor use such facilities. Non-poor people are most likely to substitute care in private clinics for the services of a public health facility. The poor in Zimbabwe receive substantial benefits from public expenditures on health care.

Figure 3.2.2 Method of Treatment of Illness, by Poverty Group

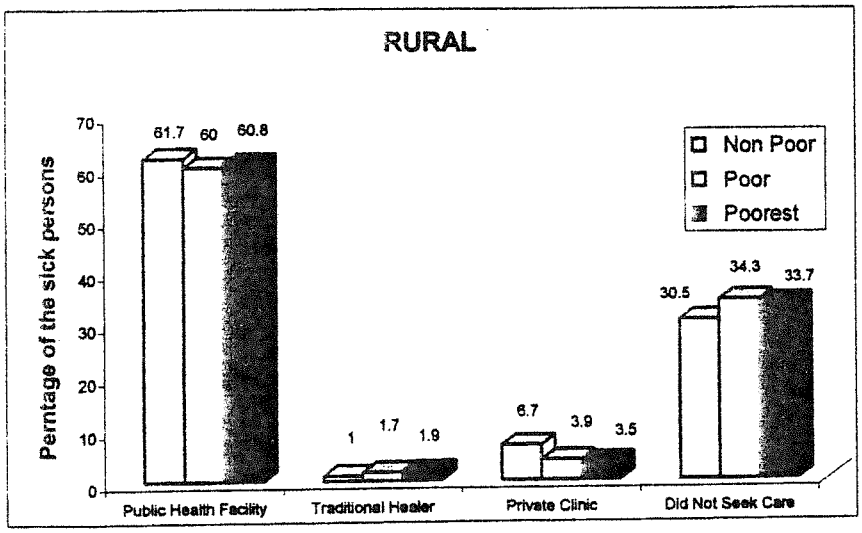


Source: 1995/96 ICES. The percentages are of people in each poverty group who were in the past 30 days and sought the specific treatment.

Public health facilities in rural areas serve roughly equal percentages of people from each poverty group while urban public facilities are much more likely to provide services to the poor than the non-poor. In urban areas the proportionate use of public health facilities by non-poor people is much lower.

About 40 percent of the non-poor in urban areas seek treatment in public health facilities while almost 53 and 60 percent of the poor and poorest use public health facilities, respectively (Figure 3.2.3).

Figure 3.2.3 Place of Treatment of Illness for Rural Households by Poverty Groups



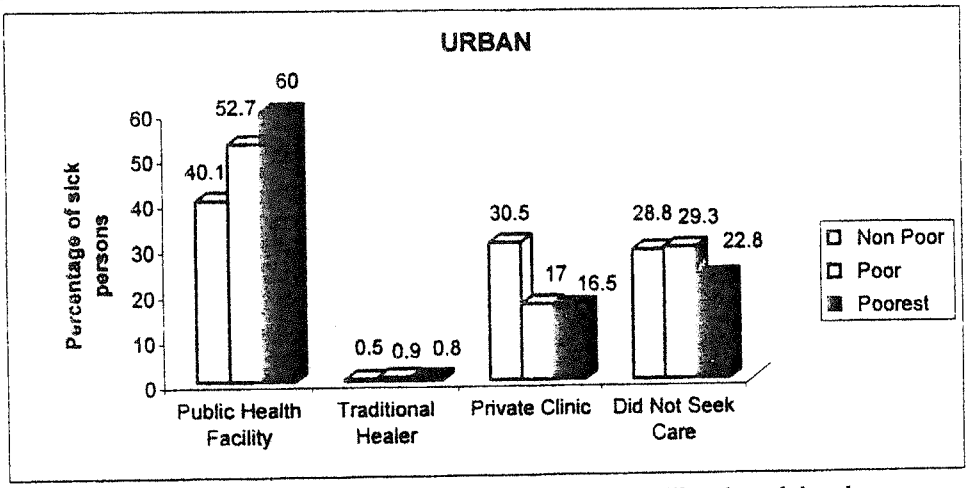
Source: 1995/96 ICES. The percentages are of people who were ill and used the type of treatment specified. Poor people are from households whose per-capita consumption expenditures are below the upper poverty line (the TPL). Poorest have consumption expenditures below the lower line.

Provision of free primary care services has benefited all rural Zimbabweans who are relatively intensive users of public health facilities. In urban areas the poor benefit relatively more than the non-poor from government expenditures on public health services. In urban areas, non-poor people substitute private clinics for public facilities but even high percentages of poor and very poor people go to private facilities. Few rural residents from any poverty group seek care in private clinics. This result reflects the relative scarcity of private care in rural Zimbabwe, and also shows that rural areas are probably more vulnerable to spending cutbacks than urban areas.

The finding that all household groups (poor and non-poor) benefit from public health expenditures has several policy implications. First, all household groups are affected by quality of service in these public health sectors, and all will benefit from improvements in quality and all will suffer from cutbacks. Second, public health spending does not appear to be well targeted (from a poverty perspective). More benefits will flow to the poor through improved targeting. Third, given some of the cutbacks described in chapter 1 and the challenges posed by the AIDS epidemic, improved targeting might be desirable. Cost-savings through better targeting could help provide better access to the rural poor who face time and distance constraints to access (see above).

Rural residents are more likely than those in urban areas not to seek care for an illness. About 34 percent of ill people in rural areas did not seek treatment for their illness, compared to 29 percent in urban areas (Figure 3.2.4). The difference in care sought by rural/urban residence might reflect different perceptions about the severity and necessity

Figure 3.2.4: Place of Treatment of Illness for Urban Households by Poverty Groups



Source: ICES 1995/96. The percentages are of people who were ill and used the place of treatment specified.

of illness, and it might reflect poorer access to health care facilities in rural areas. In rural areas, the poor and the poorest are less likely to seek care for their illnesses than the non-poor people. In urban areas, the poorest are most likely to seek care, and their most frequent place of treatment is the public health facility.

There are slight differences in whether treatment was sought for a reported illness based on the sex of the person in question. Females are only slightly more likely not to seek care than males (32.8 versus 31.6 percent). Poor households are slightly more likely to shun treatment for females. Males in non-poor households did not receive care in 29.4 percent of the cases, as compared to 29.8 percent of females. Almost 34 percent of females from poor households do not receive care, compared to 32.5 percent of males. This bias might result from a more acute resource constraint in poor households; these households have tough choices to make regarding treatment and might be more likely to discriminate against their female members. The differences, however, are not great.

There are fairly large differences in access to and use of health facilities for the treatment of illnesses in rural Zimbabwe (table 3.2.1). Residents in small-scale commercial farming areas have substantially better access to public health facilities than residents of other areas. About 81 percent of the poor who reside on small-scale commercial farms received care in public health facilities. Fewer than 60 percent of poor residents in communal areas and large scale commercial farming areas go to public health facilities. In communal areas, the ill who do not go to public health facilities tend not to seek treatment at all, while on LSCFs they use a higher proportion of private facilities.

Table 3.2.1 Place of Treatment Sought by Poverty Group and Land Use Area

Poverty Groups by Land Use Area	Method of Treatment			
	Public Health Facility	Traditional Healer	Private Clinic	Did Not Seek Care
Communal Areas				
Non-poor	63.2	0.6	3.1	32.8
Poor	59.4	1.7	3.1	35.6
Poorest	60.8	1.8	2.9	34.4
Small Scale Commercial Farms				
Non-poor	71.9	2.3	4.0	21.7
Poor	80.7	0.3	0.8	18.2
Poorest	76.2	0.4	1.6	21.9
Large Scale Commercial Farms				
Non-poor	55.4	1.7	16.6	26.3
Poor	57.8	1.8	10.1	30.2
Poorest	57.1	2.6	9.3	31.1
Resettlement Areas				
Non-poor	68.2	2.4	0.0	29.4
Poor	61.3	2.4	1.2	34.8
Poorest	62.3	3.0	1.0	33.2

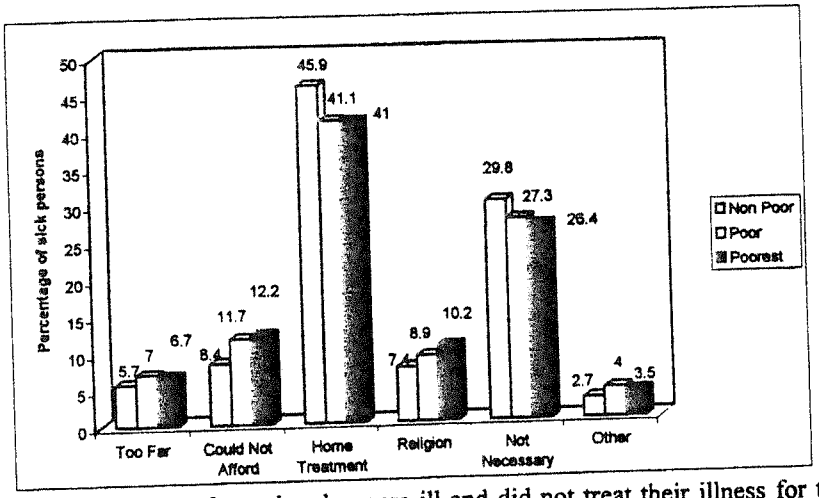
Source: 1995/96 ICES. Cell entries are percentages of people who were ill and used the type of treatment specified. Poor people are from households whose per-capita consumption expenditures are below the upper poverty line (the TPL). Poorest have consumption below the lower line.

Poor people in resettlement areas have substantially less access to public health care than the non-poor. More than 68 percent of non-poor residents of RAs use public health facilities, compared to slightly more than 61 percent of the poor. About 35 percent of the poor in RAs do not seek treatment, compared to 29.4 percent of the non-poor.

Small proportions of all poverty groups claim distance to the provider as being the major constraint to seeking treatment. The poor and poorest are more likely than the non-poor to claim this reason but only 6.4 percent of the poorest claim that distance is a problem. Non-poor people use home treatment most, or claim that treatment is not necessary. This finding may explain the positive association between illness and household consumption expenditures. As stated above, the poor are less likely to be ill than the non-poor. Non-poor households are more likely to claim that they are ill but many of these reported illnesses are probably minor and do not require professional treatment.

In rural areas of Zimbabwe, distance to health service providers remains an important factor affecting access to health care among other reasons, while in urban areas affordability is a relatively more important issue (Figure 3.2.5). Seven percent of the rural poor and 6.7 percent of the very poor are prevented from seeking treatment by distance to the facility. In urban areas, only about 1 percent of the poverty groups find distance to be their major impediment to seeking treatment. Virtually none of the non-poor people in urban areas who do not seek health care state that distance to the facility prevents them from doing so; almost 6 percent of the rural non-poor claim this reason. Even with free primary care in rural areas, affordability is an issue, and represents more of an obstacle for the rural poor. Affordability may be an issue related to transportation costs, non-free expenses, or the fact that treatment in secondary rural hospitals is not free.

Figure 3.2.5 Reasons for not Seeking Medical Treatment by People in Rural Areas
Source: 1995/96 ICES.

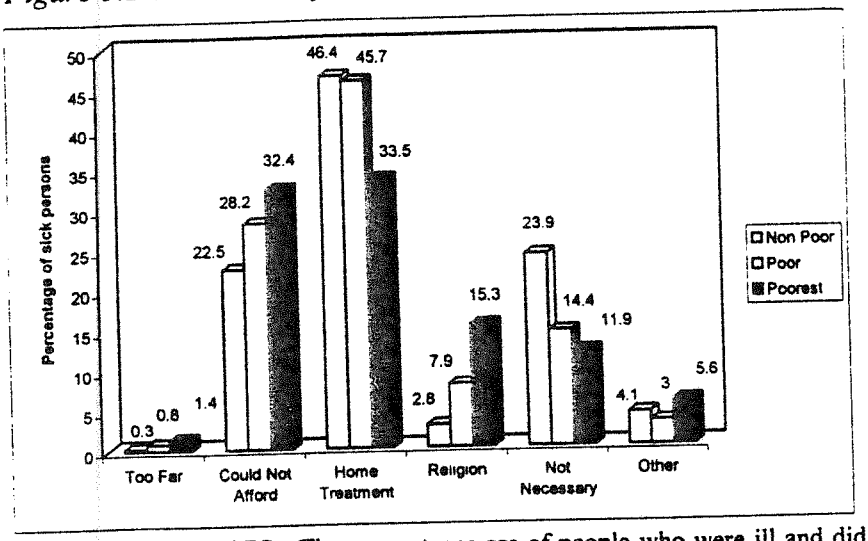


The percentages are of people who were ill and did not treat their illness for the reason specified. Poor people are from households whose per-capita consumption expenditures are below the upper poverty line (the TPL). Poorest have consumption below the lower line.

There are clear differences in perceptions about when treatment is necessary across rural and urban areas. These differences in perception might be important for the formulation of health policy. There might be need to expand health education to promote awareness among people on the need to seek medical attention for most of their illnesses, both minor and severe.

In urban areas, affordability of health care services is a problem, and it tends to be more of a problem for the poor. More than 32 percent of the poorest people in urban areas do not receive treatment because they can not afford it (figure 3.2.6). In rural areas, affordability is less of a problem but it still poses more of a problem for the rural poor than it does for the non-poor.

Figure 3.2.6 Reasons for not Seeking Treatment by People in Urban Areas



Source: 1995/96 ICES. The percentages are of people who were ill and did not treat their illness for the reason specified. Poor people are from households whose per-capita consumption expenditures are below the upper poverty line (the TPL). Poorest have consumption below the lower line.

Housing and Sanitation

Access to good quality housing, clean drinking water and sanitation facilities affects the overall well being of households and particularly their health status. Poor quality housing and water and sanitation services not only indicate poor living conditions but also help perpetuate the vicious cycle of poverty. Poor living conditions are associated with more frequent illness, malnutrition, and overall discomfort that lower earning potential among adults and adversely affect a child's ability to learn.

Sanitation is clearly better in urban than in rural areas. Flush toilets are almost exclusively found in urban areas, while more that 45 percent of households in rural areas have no toilet at all. Ninety-four percent of households in urban areas have access to piped water, while only seven percent of rural households do. About 33 percent of rural households rely on water supplies that are unsafe, according to Ministry of Health conventions (table 3.2.2); virtually no urban households have unsafe water.

Table 3.2.2 Access to Sanitation by Rural/Urban

Type of facility	Place of Residence (% households)		
	Rural	Urban	All Zimbabwe
Toilet			
Flush	3.9	95.2	37.4
Blair toilet	36.4	1.5	23.6
Pit latrine	13.1	2.5	9.2
None	45.4	0.4	28.9
Other	1.2	0.3	0.8
Total	**100%**	**100%**	**100%**
Water			
Safe water[a]	67.2	99.1	78.9
Specific Water Sources			
Piped inside house	2.4	33.9	14.0
Piped outside house	5.0	60.6	25.4
Communal tap	15.4	3.6	11.1
Borehole	52.5	1.0	33.6
Unprotected well	14.6	0.8	9.6
River/Stream	9.4	0.0	6.0
Other	0.7	0.0	0.4
Total	**100%**	**100%**	**100%**

Source: 1995/96 ICES. Access to safe water is defined as either piped water inside household, or piped water outside household, communal tap, protected well, or borehole within 1 km of the household.

In rural areas, households in communal areas are least likely to have good quality sanitation and water. Nearly 53 percent of households in CAs have no toilet and more than 30 percent receive their water from unprotected wells or a surface water supply (table 3.2.3). In contrast, resettlement areas are bestowed with reasonably good water supplies and sanitation. Access to safe water in RAs is far better than the rural average, as about 53 percent of the houses there have Blair toilets.

On average, households in LSCF areas have the best sanitation; about 60 percent have flush or Blair toilets, and about 15 percent have pit latrines. The majority of households in LSCF areas are served by piped water or communal taps.

There is a clear and strong relationship between poverty status and access to safe drinking water especially in rural areas. The rural poor are much less likely than the non-poor (65 versus 76 percent) to have access to safe water. Virtually everyone in urban areas has access to safe water, with the poor only slightly less likely to have safe water than the non-poor. The concept of safe water has a different meaning in urban areas than rural areas since very few households in urban areas need to travel more than one kilometre to fetch water.

Table 3.2.3 Access to Sanitation by Land Use Area, Rural Zimbabwe

Type of facility	Land use (% households)			
	Communal Areas	Small-Scale Commercial Farms	Large-Scale Commercial Farms	Resettlement Areas
Toilet facility				
Flush	1.0	8.2	14.4	0.2
Blair toilet	33.0	44.6	45.3	53.2
Pit latrine	12.5	24.6	14.7	4.6
None	52.8	22.5	22.5	41.9
Other	0.8	0.0	3.0	0.2
Total	**100%**	**100%**	**100%**	**100%**
Water				
Safe water[a]	59.0	72.1	95.3	76.9
Specific Water Sources				
Piped inside house	0.6	3.3	9.2	0.2
Piped outside house	2.8	8.7	12.6	1.4
Communal tap	2.7	7.6	65.8	0.0
Borehole	62.8	56.0	8.2	91.5
Unprotected well	18.4	19.2	1.5	3.3
River/Stream	12.0	4.5	1.6	3.7
Other	0.6	0.7	1.0	0.0
Total	**100%**	**100%**	**100%**	**100%**

Source: 1995/96 ICES. [a] Access to safe water is defined as either piped water inside household, or piped water outside household, communal tap, or borehole within 1 km of the household.

Similarly, in rural areas, the poor are much less likely than the non-poor to have either a flush toilet or a Blair toilet. More than 50 percent of the rural poor have no access to a toilet facility at all, as compared to about 31 percent of the rural non-poor. While sanitation is worse for the poor, there is substantial need for improvement for all poverty categories in rural areas.

Table 3.2.4 Percent Households with Access to Safe Water and Sanitation, by Urban/Rural and Poverty Status

	Rural Areas		Urban Areas		All Zimbabwe	
	Poor	Not Poor	Poor	Not Poor	Poor	Not Poor
Safe Water	63.8	78.0	98.4	99.6	72.0	90.8
Waste Disposal (Toilet Facility)						
Safe	34.2	60.1	95.3	97.8	48.7	82.3
Pit Latrine	13.0	13.5	3.8	1.6	10.8	6.5
None	51.8	24.7	0.6	0.4	39.6	10.4

Note: Safe water is defined as a source that is either piped, a communal tap, or borehole/protected well, and is also within 1 km of the household. Safe waste disposal is defined as either a flush toilet or a Blair toilet.

Most of the urban households have safe sanitation, with the poor only slightly less likely to have safe water or sanitation than the non-poor[1]. However, in rural areas, access to safe sanitation differs depending on the poverty status of the household (table 3.2.4).

[1] The ICES does not go into much detail about the quality of the water or sanitation, other than its type.

3.3 Education and Poverty

3.3.1 Returns to Education

There is a strong association between educational attainment of the head of household and the poverty of the household (table 3.3.1). Poverty and extreme poverty decline monotonically as the head's education increases. There is a discrete increase in the likelihood of household poverty when the household head has less than secondary school education. Households headed by people with at least some secondary education are about 33 percent less likely to be poor and 53 percent less likely to be extremely poor than households whose heads have only primary school education. This association between household head's education and poverty holds for all types of headship, and regardless of whether poverty is measured among households or people (see Annex E, Tables E.3.3.1 – 4). Even for widowed female heads, the prevalence of poverty declines from 82.5 percent for those with no education to 27.5 percent for those with post-secondary education (Annex E, Table E.3.1).

Table 3.3.1: Poverty by Education of the Household Head

Education of Household Head	Prevalence (%) of		Poverty Indices	
	Poverty	Extreme poverty	Poverty Depth	Poverty Severity
None	83	56	53	33
Primary School	72	42	48	28
Secondary School	48	20	40	21
Post-secondary	17	4	28	12

Source: 1995/96 ICES.

The association between household head's education and poverty status holds across all areas of Zimbabwe. There are strong returns to education in both rural and urban areas. In both areas, the prevalence of household poverty is reduced by about 75 percent as the education of the head of household rises from none to post-secondary. Returns to education do not, however, accrue evenly in rural and urban areas. The fact that the head attained primary education has only a small impact on household poverty in rural areas while even small amounts of education have strong poverty-reducing impacts in urban Zimbabwe. Even when measuring poverty among individuals, the impact of primary education of the household head in rural areas has only a small impact on household prevalence of individual poverty. The decline in the prevalence of household poverty in rural areas as the head's education rises from none to secondary school is not as dramatic as the decline in urban areas. In fact, returns to secondary education in rural areas are not great (table 3.3.2). The lack of returns to primary education exists for all households, whether headed by males or females. (see Annex E, Table E.3.4.4).

Table 3.3.2: Prevalence of Household Poverty by Household Head's Education, Rural and Urban Areas

Education of Household Head	Prevalence of Poverty (%)	
	Rural	Urban
None	85.5	65.2
Primary School	79.9	52.2
Secondary School	62.4	36.8
Post-secondary School	22.3	15.2

Source: 1995/96 ICES.

Low returns to primary education in rural areas provide a strong rationale for central government support to education in these areas. Communities in rural areas may tend to undervalue education since returns to rural education will only be realised through migration to urban areas. This brain drain is rational from the individual and household perspective but could create incentives for communities to under invest in the education of their children. If government does not intervene, gaps in well being between rural and urban areas will grow over time.

3.3.2 Participation in Education

Participation in education at the primary and secondary school levels declines with poverty. All the enrolment indicators decline as one moves down the poverty categories (figure.3.3.1). The low school entrance rates (SER) for the poor translate into high gross

Box 5: Enrolment Status and Poverty

Enrolment ratios are a good indicator of the participation of the various poverty groups in formal education. The gross enrolment ratio (GER) is an indicator of the overall participation in education by children who are within the official school-going age limits[1]. This ratio is computed as the proportion of all children in school to the number of children of school-going age and is influenced by three factors: the entrance/school entrance rates (SER), dropout rates and complete non enrolment of some children. The SER is defined as the proportion of children on the lower school-going age limit (6 and 13 years in Zimbabwe for primary and secondary school, respectively) who are enrolled in school to their total population in the age group.

The school net enrolment ratio (NER), computed as the proportion of children of school-going age in school to the total number of children of that age group in and out of school, is a function of SER, dropout rate and early enrolment in primary school. For example, children who enrol at the age of five complete primary school early and this results in a lower NER. A GER greater than the NER implies that either children overstay in school, or, are enrolled late. This translates to high age-grade mismatch.

enrolment ratios (GER) but these remain lower than those of children from non-poor households due to high dropout rates for children in poor households. (See Box 5 for

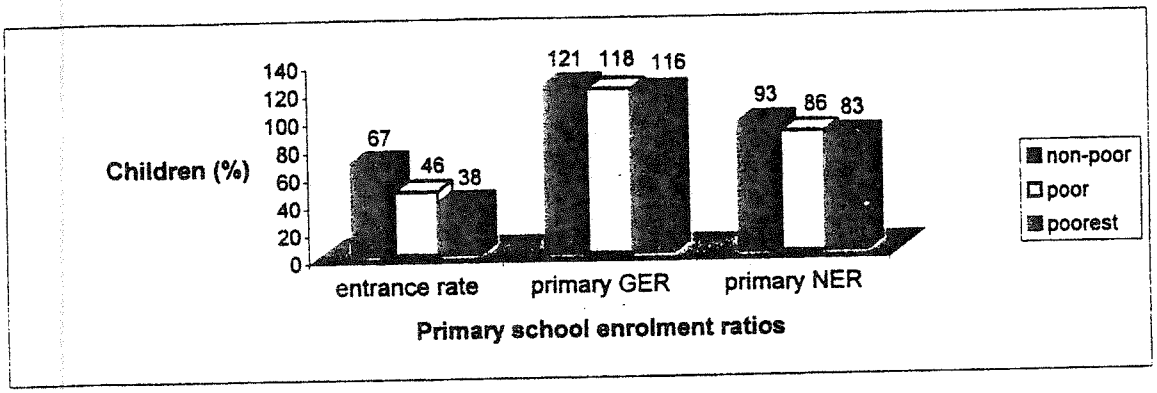
[1] In Zimbabwe, the official school-going age is 6 – 19 years.

definitions of SER, NER and GER.) Overall, net enrolments for the poor are also low due to the low SER.

The relationship between poverty and enrolment is more pronounced in secondary education where GERs are 50 percent for the non-poor as compared to 27 percent for children from the poorest households (figure 3.3.2).

Primary school entrance rates show that children from non-poor households tend to enter the school system earlier than those from poor households. The pattern has several alternative implications. Firstly, households in different poverty categories have different perceptions of the concept "child too young". Poor households might withhold their children from school from the ages 6-8 years as they might regard them as too young to go to school.

Figure 3.3.1 Primary School Enrolment Ratios by Poverty Categories



Source: ICES 1995/96

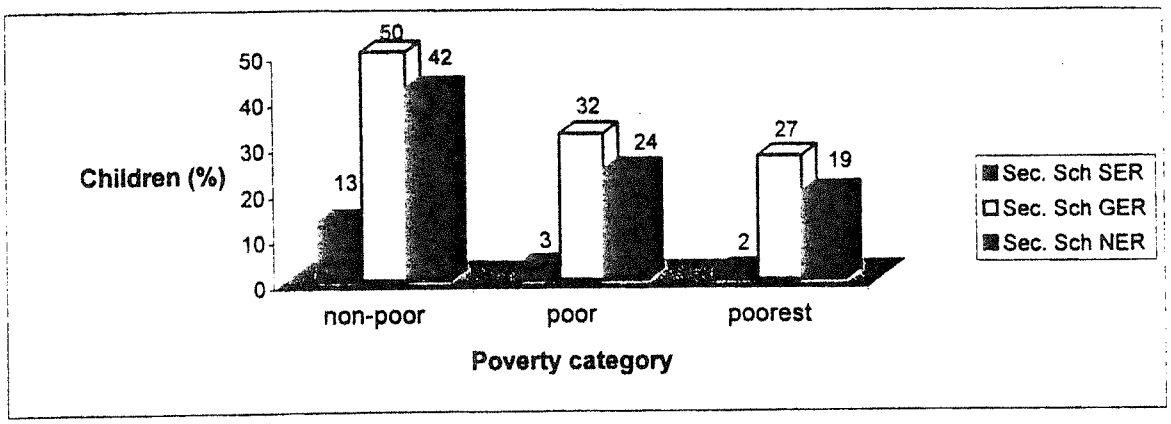
Secondly, everything else being equal, children from poor households might enrol in school late due to resource constraints. Despite the adoption of the free primary school tuition in rural areas, most poor households still hesitate to enrol their children in schools because they find difficulties in mobilising financial resources to pay for other school costs like uniforms, levies, etc. This is most likely valid for secondary school enrolments where entrance rates are as low as 2 percent for the poor, as compared to 13 percent for the non-poor (figure 3.3.2).

Thirdly, children from poor households participate in household chores at an earlier age than their counterparts in non-poor households. Hence, a large proportion of poor children has delayed enrolment as parents try to avoid the vacuum they would leave if they enrolled in school. However, due to social norms some of the children from poor households eventually enrol in school, though late despite financial constraints and their participation in household chores.

Children from poor households have greater risk of not receiving education as compared to those from non-poor households where gross and net enrolment ratios are highest. The high gross and net enrolment ratios for the latter reveal that although children from non-poor households might have delayed enrolment, they will at one time or another be

enrolled and stay in school for longer periods without dropping out. On the other hand, children from poor households may have their enrolment delayed forever, or, if they enrol, many eventually drop out.

Figure. 3.3.2: Secondary School Enrolment Rates by Poverty Categories

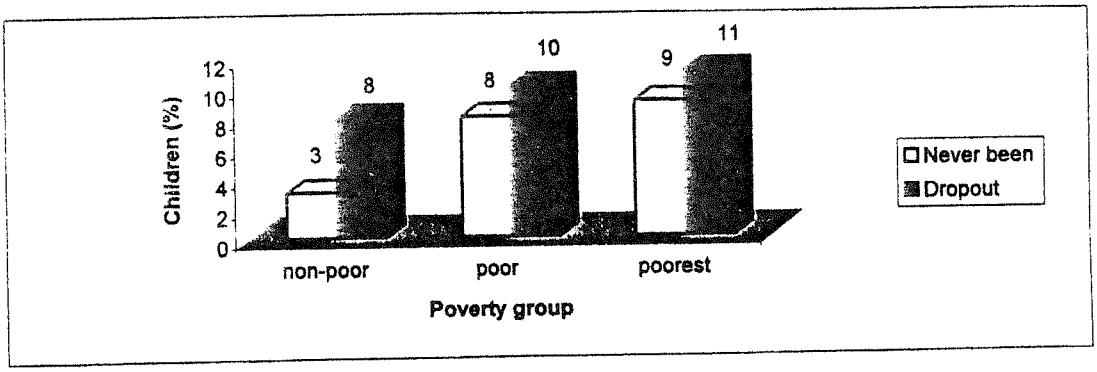


Source: ICES 1995/96

The low primary school enrolment ratios for the poor translate into very low net secondary school enrolment ratios (figure 3.3.2). Secondary school enrolment rates also fall rapidly as poverty increases. A large proportion of poor children drops out of school upon completion of primary education.

Some of the factors that determine the overall school enrolment rates of children are the proportion of children who have never been to school and dropout rates. These two indicators also worsen as poverty increases (figure 3.3.3). The overall proportion of

Figure 3.3.3 Proportion of Children of School-going Age who are Not in School, by Poverty Group



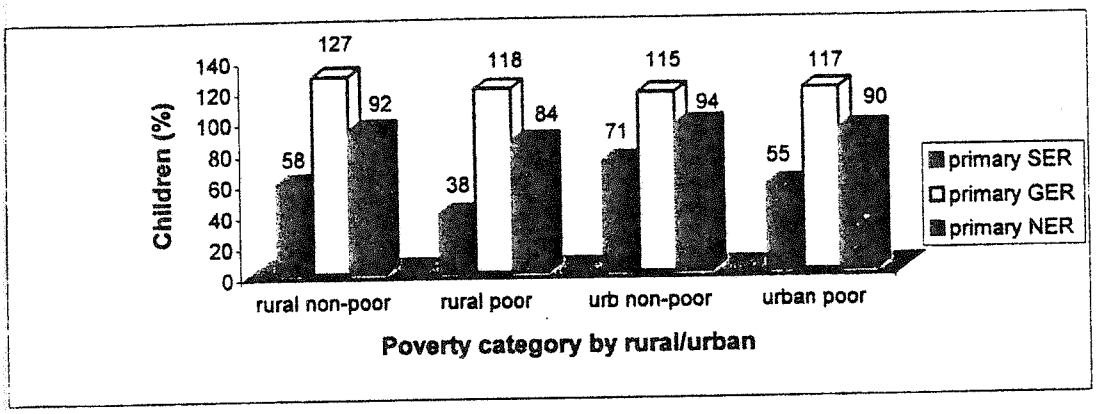
Source: ICES 1995/96

children from the poorest households who have never been to school is three times that of children from non-poor households. These two factors, compounded with the low SER, cause both NER and GER to decline as poverty increases.

Poverty and Rural/Urban School Enrolments

Poverty is the major determinant of participation in education, especially in rural areas. In both rural and urban areas, there are striking differences in the school enrolment rates of six-year olds between the poor and the non-poor (figure 3.3.4). Fifty-eight percent of six-year old children from non-poor households attend school and 38 percent of children from poor households do. While the overall high gross enrolment ratios in rural areas are a reflection of the low school entrance rates, the *comparatively* low primary school GER for the rural poor (118 percent) might be a compound result of late enrolment, school dropouts and some children not enrolling in school at all. This rate is still quite high and reflects reasonably good access by poor children to rural education.

Figure 3.3.4 Primary School Enrolment Ratios by Poverty Category in Rural and Urban Areas



Source: ICES 1995/96

There are only small differences in primary school gross and net enrolment ratios in urban areas across poverty groups but the primary SER for the urban poor is 16 percent lower than that of the urban non-poor. Primary SERs are much higher for the urban poor than for the rural poor. The higher primary school GER for the urban poor is a reflection of the low SER. Children from poor urban households who exceed the age of six without enrolling in school eventually enter school.

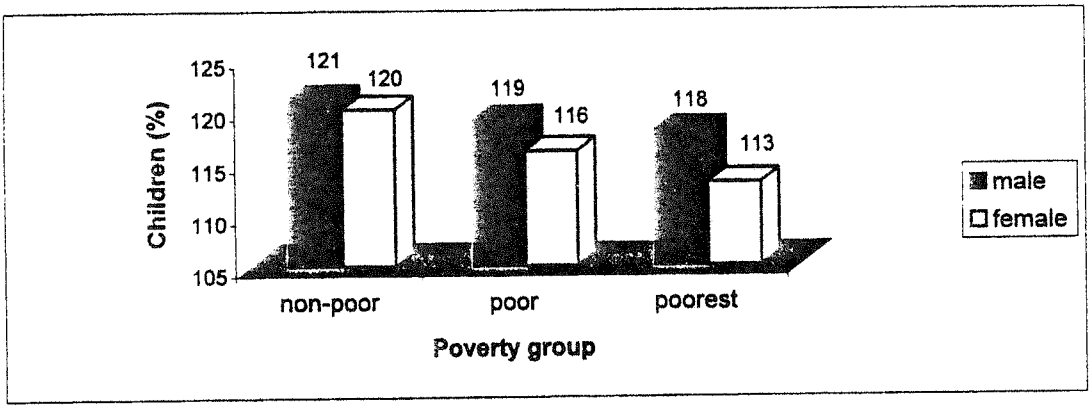
In rural areas, children from non-poor households have greater chance of receiving an education than those from poor households. This is revealed by the very high gross primary school enrolment (127 percent) for this category. The low primary school entrance rates in rural areas also translate into very high gross primary school enrolment ratios and high age-grade mismatch due to late enrolment. The rural non-poor are less likely to show this age-grade mismatch as their NER exceeds that of poor children by 92 to 94 percent.

Poverty and School Enrolments by Gender

The relationship between poverty and school enrolment status is more pronounced for girl children at both primary and secondary school levels. This is manifested by the patterns of the GER which is the indicator of overall participation in education. In all the poverty groups, the GERs for girls are lower than those for boys. In addition, girls drop out more as poverty increases. The male-female difference in GER increases with poverty (figure 3.3.5) although the GER at 113 for females from the poorest households is still relatively high.

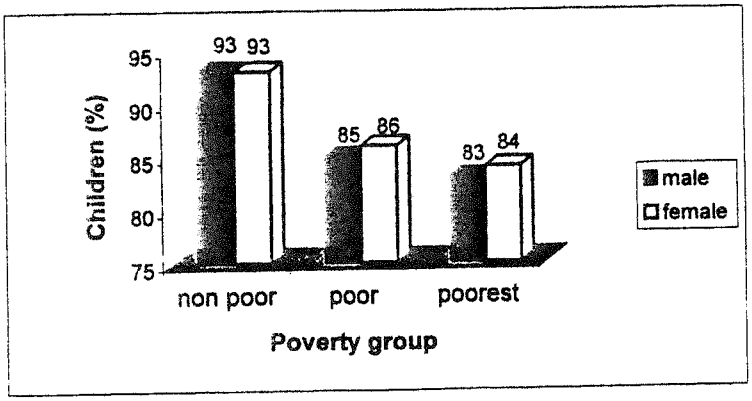
Although primary school NERs also tend to decline with poverty, there is no gender bias in the net enrolment for all the poverty groups (figure 3.3.6). Boys and girls in each poverty group have relatively equal access to primary education and same risk of delayed enrolment and dropping out of school. The decline in the primary school GER for girls as poverty increases, combined with the stable NER, indicates a decline of age-grade mismatch for girls as poverty increases and also a high drop out rate of older poor girls from primary school.

Figure 3.3.5 Primary School GER by Gender and Poverty



Source: ICES 1995/96

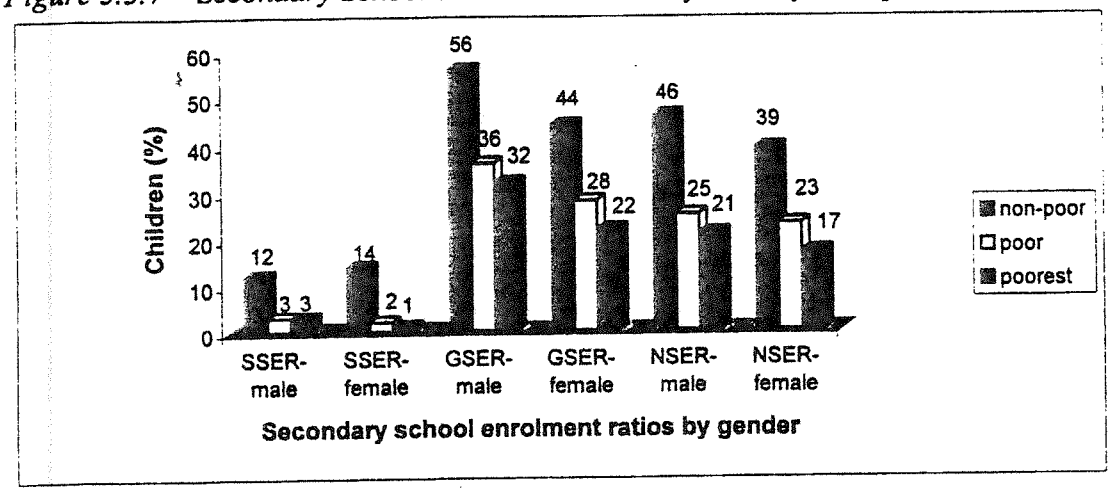
Figure 3.3.6 Primary School NER by Sex and Poverty



Source: ICES 1995/96

Participation in secondary education is limited for all poverty groups in Zimbabwe. For all the groups, enrolment ratios are far below 100 percent. The reasons for non enrolment need further analysis. Secondary school enrolment rates decline with poverty but smaller proportions of girls than boys are enrolled in secondary school regardless of poverty group. There are also large differences in access to secondary education between children from

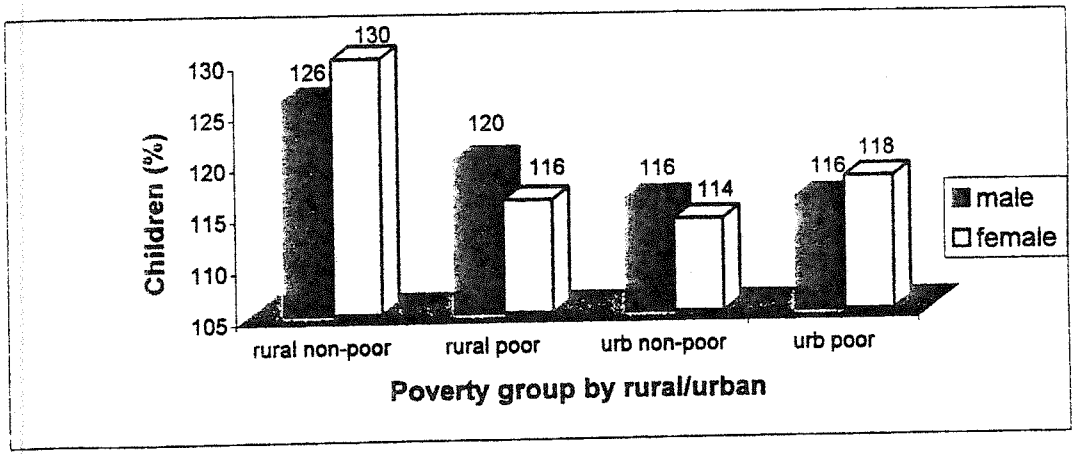
Figure 3.3.7 Secondary School Enrolment Ratios by Poverty Group



Source: ICES 1995/96

poor and non-poor households. Secondary school GERs and NERs for boys from the two poverty groups differ by at least 20 percent in favour of the non-poor whilst the corresponding difference for girls is 16 percent. Secondary SERs for the non-poor are four times higher for boys and seven times higher for girls than those of children from poor households (figure 3.3.7).

Figure 3.3.8 Primary School GER vs Poverty Group by Rural/Urban

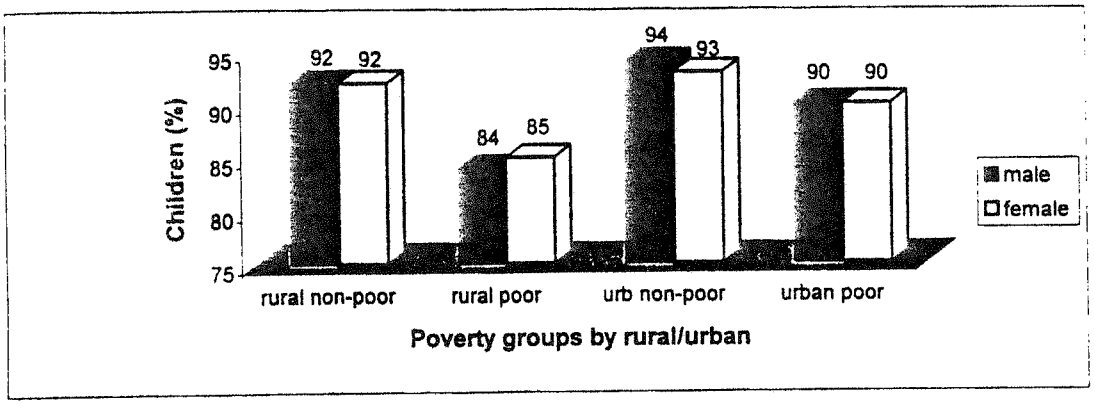


Source: ICES 1995/96

While the primary school NERs for the rural non-poor and those of urban boys and girls do not show much difference, the NER for the rural girls from poor households is

comparatively lower than that for rural boys from the same poverty group. There is, therefore, either a high rate of school dropouts for the poor girls in rural areas, or, a considerable proportion of children in the group does not even get the chance to go to school.

Figure 3.3.9 Primary School NER and Poverty by Rural/Urban

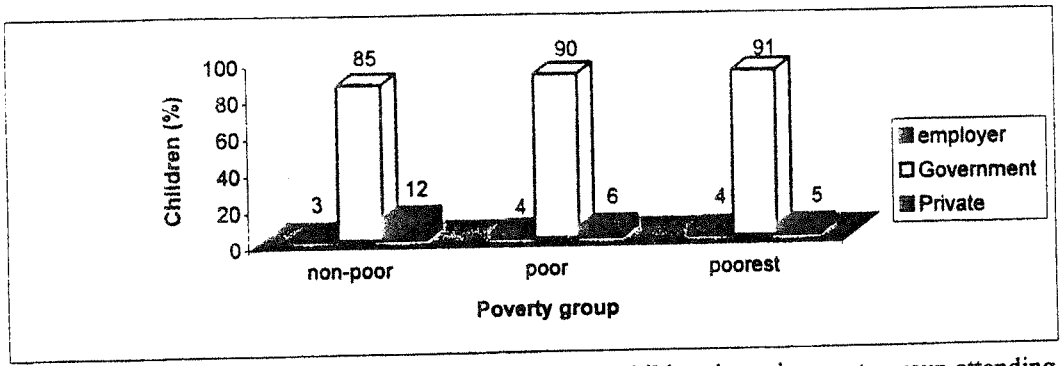


Source: ICES 1995/96

Poverty and Types of Schools Attended

Primary and secondary schools provided by local and central authorities enrol the largest proportions of children from all poverty groups. This is because central and local government primary schools constitute about 85 percent of all primary schools and 83 percent of secondary schools (MOE and UNICEF, 1997). Enrolment in these schools increases slightly with poverty whilst enrolment in private schools decreases as poverty increases (figure 3.3.10).

Figure 3.3.10 Proportion of Children in Each Poverty Group Enrolled in School vs Category of Education Provider



Source: ICES 1995/96. Graph shows the percentage of children in each poverty group attending each type of school.

Sixty-six percent of the children in rural local and central government schools are extremely poor as compared to only 16 percent in urban local and central government schools. Urban private schools are less likely to enroll children from poor and extremely

poor households since their main target group consists of children from elite households. Only ten percent of students in urban private schools are extremely poor. In rural areas, poverty is high among children in all school types. Fifty-four percent of children in rural private schools are extremely poor (table 3.3.3).

Table 3.3.3 Prevalence of Poverty by Type of School

Prevalence (%) of	Rural School Type			Urban School Type		
	Govt	Private	Employer	Govt	Private	Employer
Poverty	89	84	91	60	44	65
Extreme Poverty	66*	54	61	16	10	32

Source: 1995/96 ICES. Poor children are from households whose per-capita consumption expenditures are lower than the upper poverty line (the TPL). Extremely poor children are from households below the lower line (the FPL).

Box 6: Education Providers in Zimbabwe

There are three major providers of education in Zimbabwe: local and central government; employers and other private organisations. Employers who provide schools for their employees' children include mining companies and large scale commercial farms. Local authority providers consist of municipalities and rural district councils (RDC). Churches, especially the Roman Catholic Church, run more than 350 schools and other private voluntary organisations run more than 500 schools, including some LSCF and mining schools. Whilst before 1994, the provision of tertiary education was the domain of central government, the subsector has now opened up for other providers.

Local and Central Government Schools

Rural central government and rural district council (RDC) schools enroll large proportions of children from very poor households. While in each of these school categories about 65 percent of the children are in extreme poverty, only 15 percent of the children in urban municipal and central government schools are extremely poor (table 3.3.4).

Table 3.3.4 Prevalence of Poverty in Local and Central Government Schools by Rural/Urban

Type of School	Rural		Urban	
	Poor (%)	Very Poor (%)	Poor (%)	Very Poor (%)
Government	85	64	58	15
Municipal	N/A	N/A	68	15
RDC	90	66	72*	26*

Source: ICES 1995/96. * These are schools run by RDCs in growth points and small towns without municipality status.

Central government and RDC primary schools enrol large proportions of children from the poorest households. However, these proportions fall significantly at the secondary school level (prevalence of the poorest children falls). The fall in the proportion of children from the poorest households at secondary school indicates that a significant proportion of rural poor children drop out of school at the primary level. In urban areas, a small proportion of children from the poorest households has access to central government and municipal secondary schools (table 3.3.5).

Table 3.3.5 Prevalence of Poverty in Local and Central Government Primary and Secondary Schools by Rural/Urban

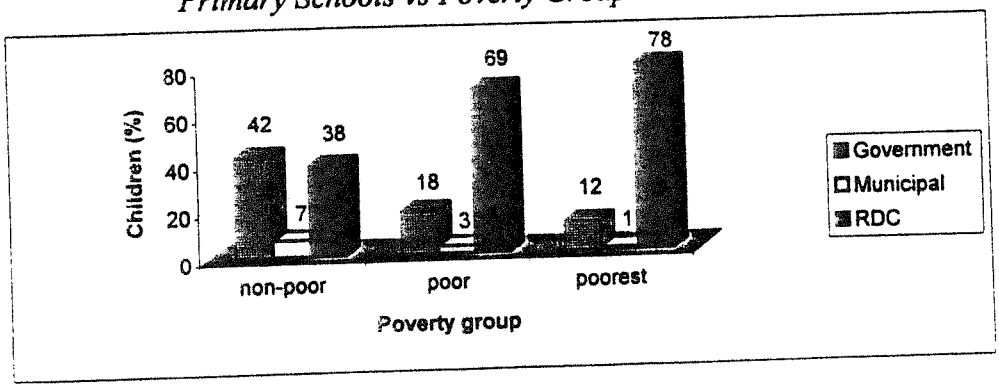
Type of School		Rural		Urban	
		Poor (%)	Very Poor (%)	Poor (%)	Very Poor (%)
Primary	Central Govt	86	68	61	16
	Municipal	N/A	N/A	68	15
	RDC	90	68	74	27
Secondary	Central Govt	81	49	51	11
	Municipal	N/A	N/A	64*	13*
	RDC	83	56	65	26

Source: ICES 1995/96. *These are schools run by RDCs in growth points and small towns without municipality status.

Participation in central government primary and secondary schools declines with poverty whilst participation in schools administered by rural district councils increases sharply. Primary school enrolments in municipal schools also decline with poverty and they cater for small proportions of children from all poverty groups, which become even smaller at secondary school level. (figures 3.3.11 and 3.3.12). These trends are due to two main factors.

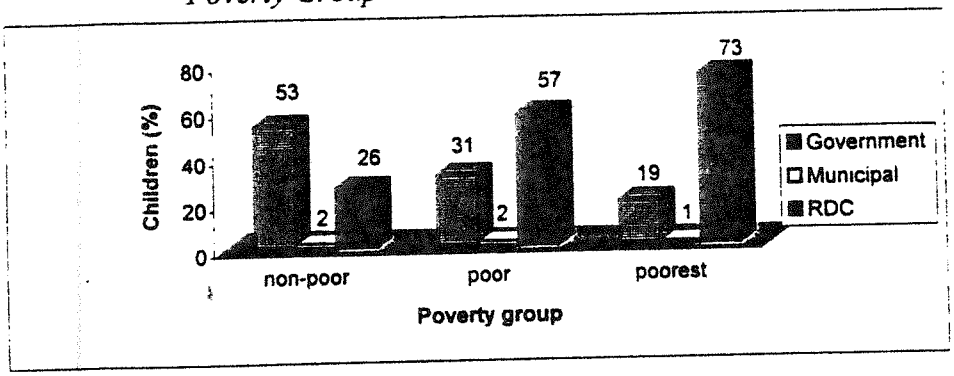
Firstly, almost all central government schools are in urban areas where there are more non-poor than poor households. Currently, there are very few municipal secondary schools (only six in 1996), hence government dominates in the provision of secondary education. As highlighted in the previous section, the non-poor have superior secondary school entrance, gross and net enrolment rates. Secondly, the large poor population in rural areas tends to enrol in rural district council (RDC) schools that are relatively affordable. They cannot afford to send their children to boarding schools because of cost.

Figure 3.3.11 Proportions of Children Enrolled in Local and Central Government Primary Schools vs Poverty Group



Source: 1995/96 ICES.

Figure 3.3.12 Proportions of Children Enrolled in Government Secondary Schools by Poverty Group



Source: ICES 1995/96.

Employer schools

Employers in large scale commercial farms and mining towns normally provide education facilities for children of their employees. Since settlements in these two areas are normally located far away from other settlements, children (regardless of household poverty status) do not have much choice besides enrolling at their local school. Hence, each of these employer-provided schools enrol only about two percent of children in each poverty groups.

Private Schools

Unlike mining and LSCF schools that cater for small proportions of children from all the poverty groups due to location and limited choice for households, both primary and secondary mission/church and other private schools enrol small proportions of children because they are expensive by Zimbabwean standards.[2]

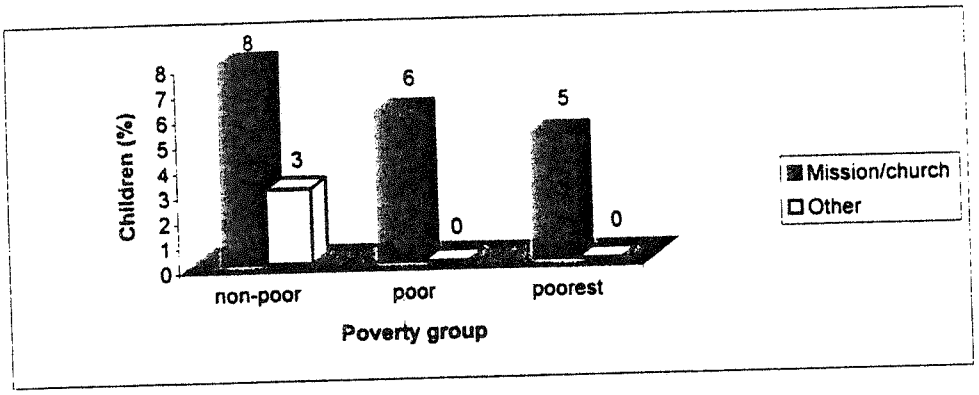
Due to the cost constraint, small proportions of the poor and very poor are enrolled in these schools compared to the non-poor. Only children from non-poor households are enrolled in the high-fee private primary schools, yet these enrolments only represent 3 percent of the non-poor group (Figure 3.3.13). While the enrolments of non-poor children

[2] Enrolments by these two categories of schools are higher than shown in this Report because children in boarding schools were not captured by the ICES as they were not part of the household. Almost all mission schools and a large proportion of the high-fee private schools are boarding schools. Those captured as attending these schools were mostly probably enrolled as day scholars in these schools, or, they were on vacation from school during the time of the survey.

Box 7: Private Schools

Zimbabwe has a well-established system of mission schools run by churches and other private schools run by boards of trustees/governors. In 1996, there were 387 mission schools and 304 private schools (MOE and UNICEF (1997)).[3] Among the private schools, a considerable proportion are high-fee schools that only attract children from non-poor households who can either pay the fees from their own earnings, or get school fees assistance from their employers as fringe benefits.

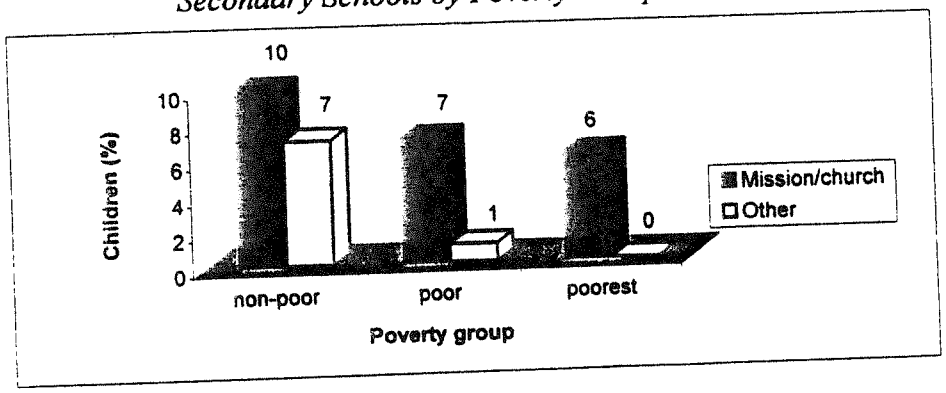
Figure 3.3.13 Proportion of Children Enrolled in Mission/Church and Other Primary Schools by Poverty Group



Source: ICES 1995/96

in mission/church primary and secondary schools are similar, participation of the non-poor in private secondary schools is almost twice their primary school participation (figure 3.3.14).

Figure 3.3.14 Proportion of Children Enrolled in Mission/Church and Other Secondary Schools by Poverty Group



Source: ICES 1995/96

[3] This figure excludes 297 primary and secondary schools in large scale commercial farms and mining towns that were also privately owned or run by boards of trustees/governors.

Implications on Educational Policy

An extra dollar used for the development of RDC schools will benefit children and people from the poorest households. Municipalities should also give particular attention to the construction of more primary and secondary schools as their share in the whole sector is still very small.

Poverty declines as educational attainment increases, hence average returns to education are high. Government should therefore, invest in education for poverty reduction purposes, particularly in rural areas where there are low enrolment rates and poverty is most prevalent. Most of the households in the rural areas are poor and are likely to participate less in education due to cost and time constraints. Returns to education in rural areas are low and this is likely to be a disincentive for rural communities to invest in the education of their children. Central Government thus has a role in supporting rural education; society as a whole will benefit because social returns will exceed rural returns (because of migration).

Government should also reconsider its policy of paying salaries for teachers in private schools, especially in urban areas. Since more children from elite households are enrolled in these schools, the salary payments amount to an indirect subsidy to the rich. These resources could be directed towards the development of education infrastructure in rural areas.

Government has done a lot in reducing urban poverty by investing in the children of urban households. It could now be time to direct resources to rural educational development. Government should consider investing in improvement and rehabilitation of educational infrastructure in rural areas.

Whilst Government has achieved significant progress in formulating policies directed at improving access to education, a lot still has to be done in terms of policy implementation. Incentives need to be designed to discourage parents from keeping their children out of school. Effective policing mechanisms should be put in place to ensure that children are not sent away from school for finance-related reasons, and that parents do not unnecessarily keep their children out of school.

4. SUMMARY AND CONCLUSIONS

Poverty and inequality represent major challenges to Zimbabwe's government and its people. Poverty is widespread and severe with a high degree of inequality, even by regional standards. Broad-based economic growth that is sustained over a long period is the only feasible means of solving these problems, but there are several measures that might ensure that any economic growth benefits the poor. These steps do not compromise the prospects for growth, but rather are fully complementary to growth-oriented policies.

Poverty is more prevalent, deeper and more severe in rural areas than in urban Zimbabwe. Some factors that contribute to rural poverty are limited employment opportunities, unreliability of agriculture, especially in communal and resettlement areas, population pressure on communal and resettlement lands, inflexible institutions for the allocation of land and low levels of education (and low returns to education in rural areas). The drought of 1995/96 almost certainly contributed to the high indices of rural poverty found in this study. Drought led to increased transitory rural poverty, especially in communal and resettlement areas. There are strong poverty-reducing returns to economic growth in these areas. There is need to diversify the rural economy, improve productivity of traditional agriculture, provide productive land for the poor and support development of educational infrastructure in rural areas. Inflexible rules for the allocation and transfer of land in communal and resettlement areas have contributed to the problem of high numbers of people (and dependents) per unit of land among the poor. More flexibility should be a target for policy.

It should also be recognised that solutions to rural poverty should not be confined to rural areas alone; creation of employment opportunities in urban areas can help by relieving population pressures and providing resources for the support of rural areas. There are close linkages between rural and urban areas, and sluggish growth in urban employment has slowed the flow of remittances to rural areas. Rural households, especially female-headed ones, tend to be highly dependent on these remittance flows.

The driest areas of the country tend to be the poorest, and drought seems to have increased poverty significantly in these areas. The poorest households in, for example, Matebeleland North and South tend to be those with limited assets, almost complete reliance on agriculture as a source of income, and low levels of education.

Family sizes of poor households are far greater than those of the non poor. The poor tend to have more children and more elderly dependents. These characteristics, in turn, perpetuate poverty over time, leading to a vicious cycle of inter-generational misery. Children in such households are less likely to attend school and more likely to drop out earlier. There is a particular problem with access to and participation in secondary education for poor rural households. Illnesses go untreated, usually due to distances to health services but also because costs of treatment exceed the family's means.

Poverty in urban areas, although less severe than in rural areas, is still a problem. Urban poor households tend to be dependent on irregular or informal income sources, and the formal sector has not created the growth in employment required to absorb the large number of people entering the job market. Slow employment creation in urban areas reduces remittances to rural areas and contributes to rural poverty. These sources usually do not provide benefits such as medical aid or retirement. Household sizes of the urban poor are larger than those of the non-poor, and this indicates a perpetuation of poverty through generations. Children in poor urban families are similarly less likely to attend school and more likely to drop out.

The sector-wise profile of poverty illuminates several areas that deserve attention by policy makers:

Agriculture: Poverty is worse among households that are more dependent on agriculture, particularly in communal and resettlement areas. The poor in resettlement areas own more assets than the poor households in other rural areas, indicating that there is potential for poverty reduction through productivity improvement in these areas. There are also many poor households just below the poverty line. Broad-based growth, through more favourable producer prices, productivity-enhancing technical innovations, etc., will significantly reduce poverty. Large family sizes in communal and resettlement areas are closely associated with poverty. Land policy should, therefore, allow some flexibility in household land holding sizes. Access to land per person is a strong determinant of poverty in agricultural areas.

Most food subsidies do not flow to the poor. Food subsidies benefit urban households more than they benefit rural households, where poverty is more prevalent. The vast majority of poor people live in rural areas, and rural households produce much of the food they consume (particularly maize). Thus, the poor purchase far smaller quantities of maize, and do not benefit proportionately by as much as urban households from the subsidies.

Government funding for agriculture should be reoriented towards core agricultural services with a focus on the technological and service needs of the poor. The poor who, in rural areas, tend to be dependent on agriculture, need low cost technologies that improve the productivity of their land base, reduce uncertainties caused by frequent droughts, and are appropriate, given the resource and knowledge base. These attributes need to be factored into decisions on funding of agricultural research. Techniques for better water management and increased access to water for agricultural production should also be given high priority.

Health: Public expenditure on health does not appear to be well targeted towards the poor. The policy of exemption of fees for primary health care in rural areas has benefited the rural poor and non poor in approximately equal percentages. Most rural poor people who do not seek medical care are constrained by the high cost of such services, and also by distance to the service facilities. Mobile clinics are one alternative that might be explored. In urban areas, the main constraint to treatment of illnesses faced by the poor

appears to be cost. This indicates that health care benefits (such as those paid by SDF) should be expanded in urban areas. Public health centres are used more frequently by the urban poor, but a substantial percentage of poor households in urban areas use private health care providers.

Urban sanitation and water supplies appear to be almost universally available, even to the poor, but in rural areas there is a strong need to improve both. For example, sanitation facilities do not exist in most of the homes of the rural poor, and a high percentage of the rural poor relies on unsafe water supplies.

Education: Zimbabwe's achievements in education are impressive and these achievements help create conditions favourable for long term economic growth. However, education spending should also benefit from improved targeting. Poor children in both rural and urban areas are less likely to attend school and more likely to drop out than are other children. These patterns are particularly pronounced for secondary education, where payoffs to education are higher.

Access to secondary education remains limited for many Zimbabweans, but the poor suffer from lowest enrolment rates of all. Whilst the country has made large investments in secondary school infrastructure and teacher training, the majority of the children in need of secondary education do not benefit from this investment, especially the poor as secondary school enrolments decline sharply as poverty increases. This implies that the limited access is cost-related, but there are probably other underlying factors that need further investigation. A programme to expand access to secondary education should, therefore, be considered. In rural areas, access to education is worse than in urban areas, and some of the implicit subsidies in the education system flow disproportionately to urban areas. Although rural primary schools are exempted from paying tuition fees, children are constrained by other factors, as they tend to enroll late and drop out of school early.

Economic returns to education in rural areas are lower than they are in urban areas. The poorest households may be aware of these limited returns and thus tend to invest less in the education of their children. Government might have to increase its investment in education in rural areas so as to increase participation therein by the rural poor. Alternatively, programmes to generate employment opportunities in rural areas will increase rural returns to education and provide increased incentives for educational investments by the rural poor.

5. APPENDICES

Annex A

The ICES and Welfare Measurement

The 1995/96 ICES is the major source of data for the poverty profile. There was need to ensure that we use the data in the best possible fashion to create measures that have a close correspondence to our notion of welfare and poverty.

The basic guiding principle for use of the data was to create "good" measures of the concepts of interest. For the purpose of this analysis, these variables are taken to be household income and household consumption expenditures[1]. No single measure can fully capture the multidimensional aspects of welfare or poverty. However, it can be argued that since consumption expenditures or income reflect a person's command over goods and services on which much welfare does depend, they represent more comprehensive indicators of welfare than other measures. Information is also needed on household composition to ensure consistency. Many of the other variables in the ICES (such as employment, schooling, health) also affect well being and may not be adequately reflected in consumption expenditures. Consumption of public goods and many benefits that do not flow through markets can be difficult to measure and value. They are also not included in the measure of consumption used in this study.

It is important that the measure (consumption or income) corresponds closely to the concept in question. Both of these are "flow" concepts, whereas wealth is a "stock" concept. Therefore, there is need to measure the flow of goods, money, etc. that are either consumed, or accrued as income. It is also important to avoid double counting. Double counting occurs when goods are purchased and then used to produce something else that is either consumed or used to create income.

Income is a net concept; it should be computed as the difference between revenues (actual and imputed) earned by the household and costs (such as the purchase of inputs). Expenditures on inputs into, for example, farm production are an obvious area where double counting needs to be avoided, as these expenditures do not fit into the concept of consumption. Purchases of flour used to produce bread are counted in the own-consumption portion of the questionnaire and should not be included in the final expenditure measure.

Standard economic concepts should be used to help define each "variable." The notion of a household balance sheet can help sort things out. In such a balance sheet, household "expenditures" on consumption should equal household income plus the net change in asset position including savings. Everything entering the consumption portion of the balance should have a corresponding entry on the income or asset side.

[1] Consumption expenditure is used in this study because a large part of welfare ultimately depends on the consumption of goods and services. Typically, expenditure surveys measure purchases of goods and expenditures are used as a proxy for consumption. The comprehensive nature of the ICES allow us to construct a measure of household consumption that includes consumption of home-produced goods, consumption from durable assets, implied consumption from owner-occupied housing, etc.

Household Income/Consumption Balance

The basic balance equation for household income, asset values and consumption is

$$C_i \equiv Y_i - A_i,$$

where C_i represents consumption (in dollars) by the i^{th} household (the identity could also use at subscript for time), Y_i is the income and A_i is the asset position of the i^{th} household. This identity must hold for every household for every period of time.

Aggregate Income Balance:
Nationally, the following must hold,

$$\Sigma Y_i \equiv Y,$$

where Y is national income. That is, we should recognize that our individual measures of household income need to be consistent when aggregated. Similarly, consumption should sum to national consumption.
Aggregate Consumption Balance:
In the aggregate, consumption must also balance,

$$\Sigma C_i \equiv C,$$

where C is national consumption. These identities provide information about how different items should be treated:

1) **Savings.** Savings can be thought of as the residual on household consumption, a part of the asset balance in the preceding discussion. They represent income not spent on direct consumption, but on consumption deferred into the future. In a balance sheet approach, savings and dissavings represent changes in the net wealth (A_i) of the household. This asset position creates the link between household income and consumption. Current savings are not, therefore, consumption expenditures, and sales of assets (except capital gains) should not be treated as income.
2) **Imputed expenditures and imputed income.** Imputations are required in a number of cases. Consumption of own-produced goods counts both as income and as expenditure. This consumption is valued by the household in the ICES, i.e. there is a corresponding "imputed" income accrued from this consumption. Purchase and consumption of durable goods need to be handled in a similar fashion. An expenditure on a durable item represents a transfer to the household "asset account." It should be treated exactly as savings. Only that portion of the asset that is "consumed" in the period in question is counted as consumption. Thus, the purchase price should be amortized over the life of the good in question. How does such consumption of durable goods enter the income side of the balance sheet? Note that the income used to purchase the asset was earned at some prior time. This income was disposed of by spending it on the asset (a transfer to the asset account). "Consumption" occurs over the life of the asset; this initially earned income is gradually disposed of.
3) **Assets** whose values are not diminished by use. Some assets are not "consumed" by their continued use. Housing is the principal example; the value of housing does not fall by continued occupation. In such cases, consumption does not lessen the value of the asset, and an imputed income must be used to balance the sheet. Also, imputed values (or implicit rental values) goes into C_i if the housing is owned.

4) **Remittances.** The balance sheet should not only balance at the household level, but also in the aggregate. How do remittances enter on the income side of the equation and on the consumption side? Remittances sent out of the house should count against net income (even though it might seem strange, these are part of the "cost" of earning an income); remittances received from others add to income. Such a treatment ensures balance at the national level. Remittances out of a house are not expenditures (nor consumption). Since income must equal expenditures, remittances are income that never happened.

During the processing of the consumption variable, the above conventions were adhered to. The resulting variable (household consumption in a given month) was expressed on a household per-capita basis in order to conduct the analyses.

Annex B

ICES Data Processing

The 1995/96 ICES data needed extensive processing to create the measure of household consumption expenditures. Household consumption expenditures form the core welfare indicator for ranking households in this report. Normal cleaning of the data was required. The raw data were generally quite clean, but some outliers were identified by examining the univariate distributions of variables. Obvious expenditure outliers for all goods were investigated carefully, and, in fewer than 20 cases, were replaced by overall mean expenditures.

The decision to use consumption rather than expenditure made it necessary to smooth some expenditures (on durables and schooling) and to impute in some cases (durables, schooling, and housing). These smoothing and imputation procedures are described below. The expenditure recall period for the ICES was generally the past month, except for durables, which are recalled for the past 12 months. This recall period causes problems in the recording of lumpy expenditures, particularly schooling and some durables.

Food Items

Minimal cleaning was required for food expenditures. The ICES has detailed information on expenditures (market, own consumption, gifts, transfers, and payments in kind) for some 250 items. Although market purchases were recorded for all food items, own consumption, gifts, transfers, and payments in kind were recorded for only broad groups of food items (such as Bread and Cereals). This reporting makes it impossible to measure total consumption of each item, especially when own-consumption constitutes a large share of consumption of the item in question. For example, expenditures on maize are impossible to measure exactly; the mean household market expenditure on maize in 1995/96 was Z$ 59.17.
Since own consumption of bread and cereals constitutes about 13 percent of household consumption of bread and cereals, and since it is impossible to identify how much of that

Table B.1 *Mean Shares in Total Food Expenditure of Own-consumption, Gifts, Transfers, and Payments in Kind, by Broad Food Group*

	Share of Total Expenditure on Each Broad Group from Own Consumption		
Broad Food Group	**All Zimbabwe**	**Rural**	**Urban**
Breads and Cereal	13.4	20.9	0.8
Meats	16.2	26.7	0.4
Fish	3.4	5.1	0.4
Fruits	26.0	0.8	4.6
Vegetables	37.4	51.9	12.2
Dairy	11.7	20.2	0.2
Fats and Oils	0.6	1.0	0.0
Nuts	51.4	62.1	0.9
Tubers	15.2	30.1	2.4

Source: ICES 1995/96.

is devoted to maize, it is impossible to estimate the exact consumption of maize[2].The inability to disaggregate non-market consumption of particular food items had a particular impact on the estimation of the food poverty line. The adopted methodology (see annex D) required an estimate of the total quantity of each major food consumed. The ICES 1995/96 expenditures were divided by product prices[3] to compute a quantity of each good. In the case of non-market consumption, the problem is to identify the correct prices. Simple indices were used to create a composite price of these non-market items (see annex D).

Nonfood Items

Housing

Rents were imputed for owner-occupied housing. The imputations made by the ICES enumerators (see item 315 in the 1995/96 ICES questionnaire) did not add explanatory power to the imputation equation, and were not used (see Annex C for a description of how the value of housing consumption was imputed for owner-occupied housing).

Mortgage payments were also available from the ICES (item 578). These payments were used only in cases where the household reported living in a rented dwelling and the reported mortgage payment was different from the reported rent. In such cases, it was assumed that the mortgage payment was for a dwelling different from the one occupied by the household in question. Then the mortgage payment was added to rental expenditures. In all other cases, mortgage payments were not included, as the imputed price of owner-occupied housing was assumed to capture the consumption benefits from housing ownership.

Schooling

Expenditures on schooling had to be treated in a manner that was consistent with the study's use of consumption as the means of ranking household welfare. Households that had children in school either had expenditures (and an implied equivalent value of consumption of school services), or they received free schooling which also represents a consumption of school services. Two problems had to be addressed when creating the variable for household consumption of school services: the lumpiness of expenditures on school fees, and valuing the consumption associated with free schooling.

Information on schooling is found in two places in the ICES. Schooling status of household members was collected in the section on household demographics. Questions were asked about the highest grade completed, current attendance, and type of school for current attendance for all members of the household. As boarders who live away from the home are not considered as household residents, there is no information on them. Expenditures on school-related items were recorded for the month during which the household was interviewed.

Expenditures on schooling, including school fees, levies, and other fees, tend to be lumpy, as they are usually incurred only once per term. For this reason, expenditures on schools were imputed for a large number of households who reported having children in schools, but who reported none of these expenditures. A simple regression analysis was run for those households that were interviewed during months when they would normally be expected to pay fees. Two separate

[2] It is not known if this own consumption is of maize, millet, sorghum, or other member of the bread and cereal group.

[3] CSO collect regional prices in major markets for 250 expenditure items on a monthly basis. These prices were used to compute quantities and to value a minimum needs expenditure basket.

regressions were run: one explaining the school fees paid and one explaining payments of levies and building fees. The regressions used only those observations from households that were interviewed during the first two months of each term.

Table B.2 Variables Used in School Fees Regression, and Regression Results

Variable Name	Description	Parameter Estimate (standard errors)	
		School Fees Equation	School Levies Equation
Intercept		246.87 (36.07)	37.28 (8.33)
Term 2	Dummy variable=1 for households interviewed in term 2	45.82 (36.28)	13.04 (8.37)
Term 3	Dummy variable=1 for households interviewed in term 3	-62.68 (34.83)	-1.33 (7.71)
Kidsgsp	Number of children attending government primary school	8.00 (15.65)	14.79 (3.52)
Kidsgss	No. children attending government secondary school	72.29 (26.30)	23.16 (5.96)
Kidsmcp	No. children attending municipal or council primary school	15.84 (14.36)	8.34 (2.99)
Kidsmcs	No. children attending municipal or council secondary school	43.33 (35.46)	20.10 (7.82)
Kidscsp	No. children attending mission or private primary school	54.48 (19.54)	9.32 (4.42)
Kidscss	No. children attending mission or private secondary school	375.17 (47.84)	14.92 (13.96)
Manicaland	=1 for residence in Manicaland, 0 otherwise	-91.10 (56.22)	-28.22 (14.61)
Mash. Central	=1 for residence in Mashonaland Central, 0 otherwise	-75.91 (57.94)	10.99 (14.15)
Mash. East	=1 for residence in Mashonaland East, 0 otherwise	-124.61 (58.33)	-10.62 (14.25)
Mash. West	=1 for residence in Mashonaland West, otherwise	-149.72 (54.42)	-25.93 (14.14)
Matabel. North	=1 for residence in Matabeleland North, 0 otherwise	-64.77 (78.18)	-46.18 (15.82)
Matabel. South	=1 for residence in Matabeleland South, 0 otherwise	-3.09 (77.59)	-17.74 (15.04)
Midlands	=1 for residence in Midlands, 0 otherwise	-94.41 (52.52)	-27.49 (11.95)
Masvingo	=1 for residence in Masvingo, 0 otherwise	-132.27 (55.25)	-5.04 (16.53)
Rural	=1 for residence in rural areas, 0 otherwise	-87.14 (41.35)	-5.16 (11.37)
Number of Obs		1349	831
Adj R^2		.076	.076

Source: regression results using ICES 1995/96 data.

Fees and levies were regressed on a number of variables including number of children in schools of different types, the term in question, urban/rural status, and dummy variables representing province of residence (table B.2).

Regression results are all consistent with expectations. Households interviewed during the start of term 3 spent less on fees than households interviewed during the first and second term (the first term is the omitted category). The largest share of fees and levies is usually collected during the first term; and some schools collect levies only during the first term.

Fees and levies for secondary school students are higher than for primary students, while mission and private fees are higher than any other type of school. These results are also consistent with expectations. In terms of location, school fees and levies in Harare and Bulawayo (the deleted categories)[4] are higher than in any other province in the country. Fees in Mashonaland East and Mashonaland West are the lowest in the country, while levies in Matabeleland North are the lowest.

The results from this regression were used to impute school fees and expenditures for those households who reported paying no fees, and for those households interviewed during months other than the first two months of each term. It was assumed that the imputed fee and levy represented a term payment, and the imputations were divided by three (the number of months in each term). For households in these other months, the information on the number of children in each school category, province, term of interview, and place of residence was combined with the regression results to produce an "imputed" expenditure on schooling.

For households with children in school that were interviewed during the first two months of the term, reported expenditures on school fees and levies were used. However, if the household reported not paying any school fees or levies and reported having children in school, fees and levies were imputed.

Durable goods

Since the study uses the concept of household *consumption,* rather than *expenditures,* to rank household welfare, care needed to be taken in separating flows of consumption benefits from purchase and ownership of durable goods. Two procedures were employed to measure the flow of consumption benefits from the purchase and ownership of durable assets.

Expenditures on durables tend to be very lumpy. To be consistent with the study's use of consumption, it was necessary to spread the value of expenditures on durables over the estimated lifetime of the good in question. Welfare-relevant benefits from such purchases are far below the purchase price, depending on the estimated life of the asset. The monthly consumption benefit equals the expenditure in the past year on each asset (as reported in the 1995/96 ICES), divided by the total expected life of the asset in months. The estimated life of durable assets used in the study are presented in table B.3[5]. Purchases of 12 durables are recorded in the 1995/96 ICES (see

[4] The regression contains a number of dummy variables (provinces). If all these dummies were included in the re: ssion, there would be a perfect linear dependency between the dummy variables and the intercept term. un the regression, one or more of the provincial dummy variables is deleted, and the coefficients on the other provincial variables are interpreted with respect to the deleted province.

[5] This asset life was determined in discussions with the CSO/SDF poverty analysis team.

table B.3); their purchase values were divided by the average monthly life to reach a monthly equivalent expenditure value.

The ICES, because it records ownership of key assets (see table B.3) allows an imputation of the benefit flows accruing to the household from such ownership. If the household reports owning the asset, the monthly equivalent benefit from such ownership was computed as the average purchase price divided by the asset's monthly life.

Table B.3. Durable Asset Lives and Estimated Purchase Prices

Asset	Ownership Recorded in ICES[b]	Estimated Life (years)[c]	Values of Assets[a]	
			Number of Observations[d]	Mean Expenditure on Asset (Z$)[e]
Automobile	yes	10	58	28948
Refrigerator	yes	10	196	6560
Stove	yes	10	361	1282
Heater	yes	5	313	40
Television	yes	10	376	1963
VCR	yes	3	47	4596
Radio	yes	5	873	725
Bicycle	yes	5	114	790
Furniture	no	10		
Jewelry	no	10	891	70
Other electronic goods	no	5	205	624
Other appliances	no	7	544	473

[a]From ICES
[b]If ownership was recorded, then benefit flow from ownership is imputed, if ownership of item is not recorded, then flow of benefits from a recorded purchase are spread over the life of the asset.
[c]Based on judgment of team
[d]Number of households recording purchase in past 12 months
[e]Used as the purchase price for imputations for consumption flows from ownership of automobiles, refrigerators, stoves, heaters, televisions, VCRs, radios, and bicycles.

Average purchase prices were taken from the information from the ICES on household expenditures. Eight such imputations were possible from the information from the ICES (see table B.3).

This means of imputing benefits from ownership introduces error in that there is no information from the ICES on the quality of the durable nor on its age. It is assumed that durables are all of a uniform quality and that no movement in relative prices of durables occurs over the life of the asset.

Because purchase and ownership benefits are measured, the interest payments on consumer loans (items 583-592 in the ICES 1995/96) are not included when computing consumption. Their inclusion would represent double counting.

Non-durable goods

Expenditures on non-durable items such as clothing, household furnishings, etc. were recorded for the month of the interview and were included directly. No imputations were necessary and only minimal cleaning was required.

An obvious problem is associated with this treatment of non-durables such as clothing as a current expenditure (rather than amortising the expenditure over the life time of the good in question). These expenditures can be as lumpy as expenditures on durables, and the flow of consumption benefits from ownership of these items is not included in the measure of welfare. This problem could not be avoided, as there is no information on ownership of these items from the ICES. Instead of spreading purchase values over the expected lives of some of these semi-durable assets, reported monthly expenditures were used to capture the consumption benefits from such purchases.

In the case of certain expenditures on repairs (e.g., for automobiles), it could be argued that the expenditures are required to maintain the flow of consumption from the durable. We instead assume that repair expenditures are required to maintain the consumption flow and therefore are not amortized over the life of the asset.

Total Consumption

Total consumption was computed as the sum of the monthly consumption of food, non-durable and durable goods, housing, and schooling. All expenditure categories that are present in the ICES were included in this computation. For example, expenditures on transportation, fuel, etc. were all included. To ensure that comparisons are made in terms of real consumption, nominal consumption values were divided by the CSO's consumer price index. This index varies by month and by province, but not by rural and urban residence. Since there is a spatial and temporal source of price variability, the reference had to include a location at a specific time; Harare in July 1995 was used as the base, and each region/ temporal CPI was normalised using the July 1995 Harare CPI.

Annex C

Housing & Rental Values

Overview

Different means of imputing values of owner-occupied housing were attempted and compared. These imputations are described in this annex. It was found that:

1) There exists selectivity bias; that is, factors that determine the value of housing determine the value of housing in a different way depending on whether the housing is rented or owner-occupied.
2) ICES enumerator imputations of the values of owner-occupied housing were significantly different from predicted rents based only on those houses/apartments that were actually rented.
3) Use of ICES enumerator imputations does not lead to improvements in ability to predict rental values.

As a consequence of these findings, the enumerator imputations were not used; a single hedonic regression that expressed the value of rented housing as a function of that housing's characteristics was used to value owner-occupied housing. This regression was corrected for selectivity bias, but observations on enumerator-imputed values were not included.

Background

The ICES is unusual among similar surveys in developing countries in that it collected information on housing, including housing characteristics and rental expenditures. For owner-occupied housing, there are two sources of information on its value: regular mortgage payments, and imputations conducted by enumerators who were asked to estimate the market value of the monthly rent for the housing. There were too few observations on actual mortgage payments for the variable to be useful for the purposes of the analysis.

Table C.1 Actual and Imputed Expenditures on Housing, by Place of Residence

Variable	All Zimbabwe		Rural		Urban	
	N	Mean(Z$)	N	Mean(Z$)	N	Mean(Z$)
Housing Rental						
Furnished	338	264.2	39	143.7	299	221.3
Unfurnished	5115	149.3	340	196.5	4775	135.4
Imputed	8305	177.5	6876	103.2	1429	643.9
Owner's Fees	548	160.2	6	1100.4	542	149.9
Mortgage Payments	355	360.4	16	340.0	339	361.0

Source: 1995/96 ICES.

The mean imputed (by ICES enumerators) housing rental values is higher than actual rental values (table C.1). This difference is difficult to interpret because the enumerator imputations are for owner-occupied housing and the actual rentals only exist for rented housing. Urban imputations are more than 6 times those of rural areas, while unfurnished rentals (actual) are

higher in rural areas than in urban areas. In rural areas, mean imputed housing rental values are about the rental values of housing that is actually rented.

Since the study uses the concept of consumption to rank household welfare, it is necessary to include both actual rental expenditures (for households that occupy rental housing), the imputed value of owner-occupied housing, and the imputed value of tied housing when that housing is provided by the employer. These values had to be included in the measure of total consumption expenditures of the household.

Two important issues had to be addressed to determine which housing value to include in the measure of consumption expenditures :

1) How much faith to place in the enumerators' imputations; and,
2) How to impute rental expenditures for the remaining households (i.e. for all households that do not report a rental payment in the case that the enumerators' imputations are totally discounted, or for those households without either a reported or imputed rent).

The procedures used to answer these questions were as follows. First, the plausibility of the different estimates was checked by examining the distribution of the variables. An outlier check revealed no obviously incorrect values. Imputed rent ranged in value from Z$ 0.50 to Z$12 000, while furnished and unfurnished rents had maxima of Z$8 000 and Z$45 000. The latter value appears high, but an examination of the individual data record confirmed its plausibility.

Second, a hedonic regression equation was run using the following model:

$$\ln(\text{rent}) = f(X,Z,X^*I,Z^*I), \qquad (C.1)$$

where X is a vector of variables representing housing characteristics, Z is a vector of location-specific dummy variables, I is a dummy variable (=1 if the rental amount was imputed for the household in question, and =0 otherwise), X*I and Z*I are interactions between the independent variables and the imputation dummy variable, and ln(rent) is the natural log of imputed and actual rents. The interaction terms in this regression allow a test of whether the imputation procedure generates significantly different estimates of rental value than the market.

If the imputations generate significantly different estimates, the question that dad to be answered is: Do we gain information by including imputations in the regression? That is, are the predicted rental values obtained by including the observations that were imputed better than those obtained by not including these values?

Sample Selection Bias

Prior to estimation of equation C.1, it was necessary to determine if sample selection bias was present. When rents are observed for a fraction of the entire sample, the distribution of the values of observed rents is truncated at zero. This truncation can lead to a non-zero correlation between the explanatory variables (X, Z, etc.) and the error term in an OLS regression using C.1. Non-zero correlation leads to sample selection bias which means that use of predicted rents from equation C.1 to estimate rents for owner-occupied housing would be invalid. Essentially, sample selection bias results when the regime determining rents for owner-occupied housing is different from the regime for market rents. Rental housing is in some way different from owner-occupied housing.

To test for sample selection bias, a two-stage technique was employed. In the first stage, a probit equation was run, estimating the probability of rental (a zero-one dummy variable) as a function of explanatory variables. The probit estimation gives the inverse Mill's ratio:

$$\lambda_j = \phi(f_k)/\Phi(f_k), \qquad (C.2)$$

where $\Phi(.)$ is the cumulative distribution function and $\phi(.)$ is the probability density function of the standard normal distribution. f_k is the predicted probability from probit estimation. In the second stage of the regression, the inverse Mill's ratio was entered as a RHS regressor in an OLS regression of log rents on the exogenous variables (see Maddala, 1983, Chapter 8 for more information). The inverse Mill's ratio "corrects" the equation for the selection bias.

The probit equation should include some exogenous variables that affect only the probability that housing is rented, but not the rental value. These "instruments" are required to "identify" the inverse Mills ratio. It was assumed that the location of the household, whether in communal areas, large-scale commercial farming areas, small scale commercial farming areas, and resettlement areas, affects the probability of rental. Once these houses are rented, the characteristics of the housing, and not its land-use area location, are assumed to determine the

Table C.2 Probit Results

Variable	Parameter Estimate (p-values in parentheses)
intercept	-0.411 (0.0002)
careas	1.647 (0.0001)
lscf	1.588 (0.0001)
sscf	1.542 (0.0001)
rareas	1.562 (0.0001)
dwellt	1.731 (0.0001)
dwellm	1.155 (0.0001)
dwelld	0.068 (0.5223)
dwellth	-0.192 (0.1045)
Bulawayo	-0.161 (0.0001)
Manicaland	-0.258 (0.0001)
Mashonaland Central	0.476 (0.0001)
Mashonaland East	-0.047 (0.4868)
Mashonaland West	-0.172 (0.0009)
Matabeleland North	-0.716 (0.0001)
Matabeleland South	-0.811 (0.0001)
Midlands	-0.134 (0.0120)
Masvingo	-0.159 (0.0107)
N	17555
-2 log likelihood	-5590.39

Source: 1995/1996 ICES regression results

represent the region of dwelling. The probit results were used to compute the Mill's ratio as per equation (C.2).

value of the house. Thus, CAREAS, LSCF, SSCF, and RAREAS are dummy variables representing location in communal, large scale commercial farming, small scale commercial

farming, and resettlement areas, respectively (see table C.2). The DWELLT,M,D, and TH variables, defined below, are dummy variables representing the household type, and regional dummy variables.

Variables included in regression model

Variables from various sections of the ICES were used in the hedonic property value equations. These included characteristics of the housing and location variables.

Housing characteristics (X):

DURACC:	Access to durables (stoves, refrigerators, electric heaters, and washing machines) =1 if household has access to any, =0 otherwise.
POOL:	=1 if house has swimming pool (household reported expenses on pool chemicals or pool maintenance), =0 otherwise.
GARDEN:	=1 if house has garden (purchased gardening inputs), =0 otherwise.
DWELLT:	=1 if traditional dwelling type, =0 otherwise.
DWELLM :	=1 if mixed dwelling type, =0 otherwise.
DWELLD:	=1 if detached or semi-detached dwelling type
DWELLTH:	=1 if townhouse.
ELEC:	=1 if house has electricity, =0 otherwise.
FOODEN:	=1 if household cooks using gas or electricity, =0 otherwise.
WATER1:	=1 if house has piped water inside the house, =0 otherwise.
WATER2:	=1 if house has piped water outside the house or a communal tap, =0 otherwise.
WATER3:	=1 if house has borehole water =0 otherwise.
TOILET1:	=1 if house has a flush toilet, =0 otherwise.
TOILET2:	=1 if house has a Blair toilet or a pit toilet, =0 otherwise.
FURNISH:	=1 if rental is furnished, =0 otherwise.
LOAN:	=1 if owned housing is mortgaged, =0 otherwise.
INSURE:	=1 if housing is insured, =0 otherwise.
MORTEXP:	A continuous variable representing monthly mortgage payment.
OWNERFEE:	A continuous variable representing payment in last month of owner's fees.

The variables POOL, GARDEN, ELEC, FOODEN, FURNISH, LOAN, INSURE, MORTEXP, and OWNERFEE are all expected to have positive impacts on the rental value. They all are consistent with higher quality housing. The three variables representing dwelling type are interpreted with respect to the missing housing category (Other – see question 36 on p.7 of the ICES questionnaire). It is expected that all signs will be positive, with DWELLTH and DWELLD having the largest magnitude, since these housing categories are associated with properties that are more expensive.

Likewise, the three water variables should be interpreted with respect to the deleted category (unprotected wells, river/stream, other). The signs of the coefficients should all be positive with WATER1 having the largest magnitude. TOILET1 and TOILET2 are compared to the deleted category (none, other), and their signs should be positive, since the presence of either type of toilet would be expected to increase the house's value. DURACC should have a negative sign as it is most likely to be consistent with group or shared housing and indicates that the household does not own, but only has access to the durable goods in question.

Location variables (Z):

Two classes of location-specific variables (Z) were used in the housing value regression:

RURAL: =1 if household is in rural area, =0 otherwise.

The other class was a provincial level dummy showing province of resident. The deleted class is Harare, and all the signs are expected to be negative as Harare has the most expensive properties of all provinces. RURAL's coefficient is also expected to have a negative sign.

Table C.3 Summary Statistics for Variables in Regression Model

Variable	N	Mean	Standard Deviation
DURACC	17081	0.23	1.614
POOL	17451	.000	0.190
INSURE	17451	.008	1.002
GARDEN	17451	.003	0.677
LOAN	17451	.017	1.521
DWELLT	17555	.323	5.362
DWELLM	17555	.221	4.761
DWELLD	17555	.413	5.647
DWELLTH	17555	.031	2.000
ELEC	17555	.314	5.322
FOODEN	17555	.214	4.706
WATER1	17555	.140	3.976
WATER2	17555	.364	5.520
WATER3	17555	.336	5.417
TOILET1	17555	.374	5.550
TOILET2	17555	.328	5.387
FURNISH	17555	.024	1.776
RURAL	17555	.633	5.528
MORTEXP	355	360.43	6160.93
OWNERFEE	548	160.17	4290.57

Source: ICES 1995/1996

Table C.4 *Results of Housing Value Regression, with Imputed Values*[a]

Dependent variable: ln(rent)	Parameter Estimate (t-statistics)	
Variable	**Parameters**	**Parameters Interacted With I**
INTERCEPT	5.71 (12.23)	
DURACC	-.221 (-3.60)	0.024 (0.17)
POOL	3.704 (4.28)	-2.468 (-2.00)
INSURE	0.349 (3.49)	-0.084 (-0.54)
GARDEN	-0.105 (-0.48)	0.529 (1.89)
LOAN	-0.494 (-5.03)	0.527 (4.26)
DWELLT	0.450 (1.96)	0.302 (0.79)
DWELLM	-0.575 (-3.14)	1.774 (4.99)
DWELLD	-0.029 (-0.29)	1.476 (3.52)
DWELLTH	0.218 (1.98)	0.691 (1.49)
ELEC	0.295 (7.06)	0.137 (1.59)
FOODEN	0.154 (4.40)	0.214 (2.61)
WATER1	0.860 (5.54)	-0.452 (-2.64)
WATER2	0.530 (3.53)	-0.656 (-4.12)
WATER3	0.494 (3.15)	-0.459 (-2.90)
TOILET1	0.193 (1.59)	0.185 (1.13)
TOILET2	0.208 (1.69)	0.071 (0.57)
FURNISH	-0.035 (-0.65)	0.408 (1.38)
BULAWAYO	-0.128 (-2.56)	0.343 (4.32)
MANICALAND	-0.411 (-5.77)	0.036 (0.34)
MASHONALAND CENTRAL	-0.616 (-6.00)	0.848 (6.47)
MASHONALAND EAST	-0.326 (-4.79)	0.304 (2.98)
MASHONALAND WEST	-0.550 (-9.89)	0.646 (6.73)
MATABELELAND NORTH	-1.081 (-10.08)	0.702 (5.39)
MATABELELAND SOUTH	-0.852 (-7.20)	0.437 (3.18)
MIDLANDS	-0.627 (-11.50)	0.608 (6.43)
MASVINGO	-0.948 (-14.48)	0.756 (7.47)
RURAL	-1.077 (-5.11)	-0.204 (-0.94)
MORTEXP	0.000 (3.14)	0.000 (0.93)
OWNERFEE	0.004 (4.67)	-0.004 (-4.03)
λ	-3.205 (-4.19)	-0.773 (-1.03)
R^2	.434	
N	12974	

[a] The full model regression contains all the exogenous variables interacted with the dummy variable representing whether the rental value was imputed or not.

Full Model Results[6]

The full model includes the inverse Mill's ratio and interactions between the explanatory variable and I. I is the dummy variable representing whether or not the rental value was imputed. Thus, the full model represents a regression of C.1, and all value observations (whether actual or imputed) were used. The full model results are shown in table C.4.

The correction for selectivity bias is necessary as the coefficient attached to λ is significant in the full model (table C.4). In addition, the results show that the regimes determining the housing value differ depending on whether the rents are actual or imputed. A Chow test was conducted to determine whether the interaction variables were jointly significant. The null hypothesis that the interaction terms could be deleted from the regression was rejected (p=0.0004). This finding means that there will be significant differences in rental imputations in cases where the imputed rents are used in the estimation.

The critical issue is not, however, whether the regression regimes are different, but whether or not including the information from the imputed rents helps in better prediction of actual rents. In fact, we have no objective information about the quality of the imputations.

To examine whether information is added when including imputed observations, two steps were taken. First, a second, or restricted model was run. This model is identical to the full model with the exception that it excludes the I*Z and I*X interaction variables. It also includes only those observations with actual rental values. The imputations were not included in this second regression[7]. The results of this regression are presented as model 1 in table C.5.

The regression results for model 1 in table C.5 are consistent with expectations. Variables associated with higher quality housing (WATER1, POOL, etc.) all had a positive impact on rental values. Rental units in urban areas are, all else equal, higher priced than in rural areas. Bulawayo is the province with the most expensive housing, all else held equal (Harare is deleted and thus represents the comparison province), and Matabeleland North is least expensive.

An example of differences between the two models is found in the coefficient on the variable POOL. The housing market places a higher value on the presence of a swimming pool than do the ICES enumerators (the coefficient from model 2 is larger than that for model 1). The ICES enumerators also tend to undervalue the presence of piped water within the housing unit. Other differences exist (see table C.5).

To examine the predictive power of models 1 and 2, the coefficients from each of these regressions were used to create a predicted housing value. Predictions were only made for observations with actual rental values (thus, no predictions were made for housing for which the ICES enumerators made an imputation). These predicted values were compared to actual housing values, and an R^2 measure was computed.

It was found that the imputations did not add any explanatory powers to the regression. In fact, the coefficients that were estimated while including the imputations (model 2 parameters in table C.5) led to significantly worse predicted rents than those estimated using only actual rents. The

[6] All regressions were examined for violations of statistical assumptions. The main means of examination are residual plots and plots of squared residuals.

[7] The variables MORTEXP and OWNERFEE were also not included, as these were obviously not appropriate in a regression explaining *rental* housing values.

errors in prediction for the model that was estimated using all (actual and imputed) observations are shown in figure C.1. Comparing this figure with the errors obtained using the regression coefficients when only actual rental observations are included (figure C.2) shows that the latter regression is a better predictor of actual rents.

Table C.5 Results of Housing Value Regression

Dependent variable: ln(rent)	Parameter Estimate (t-statistics)	
Variable	Model 1	Model 2
INTERCEPT	6.138(8.54)	6.568(26.28)
DURACC	-0.231(-3.41)	-0.352(-5.98)
POOL	3.635(3.68)	2.788(4.17)
INSURE	0.291(2.85)	0.345(4.20)
GARDEN	-0.054 (-0.23)	0.256(1.72)
LOAN	0.153(2.06)	0.310(4.94)
DWELLT	0.377(1.30)	-0.285(-2.32)
DWELLM	-0.630(-2.54)	0.102(0.84)
DWELLD	0.000(0.00)	-0.025(-0.23)
DWELLTH	0.203(1.63)	0.610(0.55)
ELEC	0.289(6.15)	0.355(9.06)
FOODEN	0.176(4.52)	0.250(7.36)
WATER1	0.904(5.15)	0.348(5.90)
WATER2	0.541(3.17)	-.115(-2.12)
WATER3	0.532(3.00)	0.051(2.04)
TOILET1	0.165(1.19)	0.121(1.95)
TOILET2	0.169(1.18)	0.234(9.35)
FURNISH	-0.69(-1.14)	-0.295(-5.22)
BULAWAYO	0.271(4.72)	0.272(7.10)
MANICALAND	-0.420(-4.76)	-0.770(-17.55)
MASHONALAND CENTRAL	-0.748(-5.38)	-0.326(-7.05)
MASHONALAND EAST	-0.339(-4.36)	-0.424(-9.71)
MASHONALAND WEST	-0.615(-9.08)	-0.490(-11.49)
MATABELELAND NORTH	-1.065(-7.19)	-1.031(-20.58)
MATABELELAND SOUTH	-0.861(-5.25)	-0.983(-19.55)
MIDLANDS	-0.658(-10.15)	-0.586(-14.09)
MASVINGO	-1.005(-13.02)	-0.757(-17.22)
RURAL	-1.230(-4.04)	-0.725(-6.98)
λ	-3.877(-3.44)	-3.407(-9.44)
R^2	.320	.326
N	5225	12974

Notes: Model 1 parameters were estimated using only those observations with actual rents.
Model 2 parameters were estimated using observations on actual and imputed rents.
A third regression was run, using the imputed and actual observations and the same set of right-hand side variables as in the second regression (results shown as model 2 in table C.5). Both model 1 and model 2 coefficients can be used to predict housing values for owner-occupied and tied housing. As can be seen, the coefficients from the two models are similar in sign, magnitude and significance. Differences do exist.

Conclusively, the process of imputing housing values (for owner-occupied housing) leads to predictions (of actual rental values) that are no better than those obtained using market data alone. The value of housing consumption for owner-occupied housing in the body of the report uses the imputations from model 1.

Figure C.1: *Actual Minus Predicted Rents, Prediction using Model Estimated including Enumerator Imputations.*

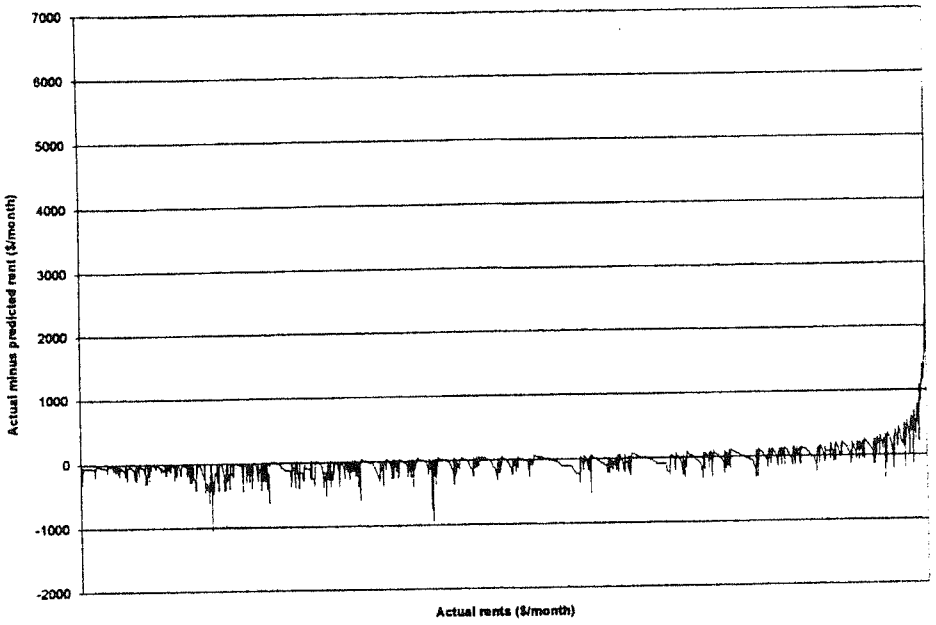
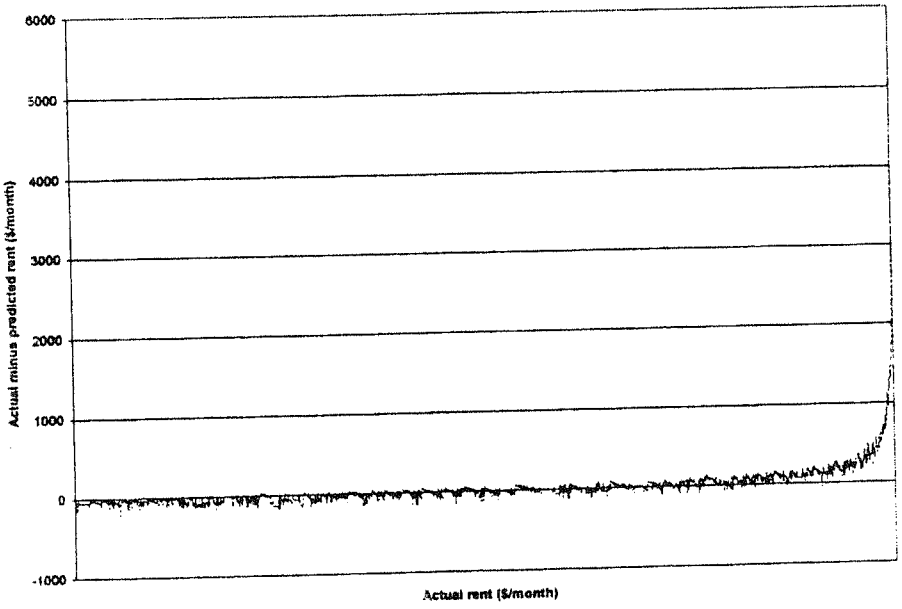


Figure C.2. *Actual Minus Predicted Rents, Prediction using Model Estimated without including Enumerator Imputations.*



Annex D

The Poverty Datum Line for Zimbabwe

Background

A number of studies have been conducted related to poverty and its determinants in Zimbabwe. These include Cubitt and Riddell, Cubitt, Jackson and Collier, Ministry of Public Service, Labour and Social Welfare, among others. These studies address many of the issues surrounding the level and composition of a poverty datum line (PDL). They note that as the PDL is the primary building block of subsequent analyses, determining the line is a critical first step in any analysis of poverty.

Different methods can be employed to determine the PDL, including the "food energy" method, the "least-cost diet" method, and the "cost of basic needs" method. The cost of basic needs method was adopted in this study because it is consistent with prior practices in Zimbabwe, and is preferred on conceptual grounds because it leads to consistent comparisons among sub groups (for a discussion of consistency and the desirable properties of PDLs, see CSO, 1998; or Ravallion, 1998). All the studies mentioned above used some variation of the cost of basic needs method. Despite their use of a common methodology for developing a PDL, these studies did not use a similar minimum needs basket of items.

The cost of basic needs method consists of identifying a "minimum needs basket" of food items and other consumption goods, and then valuing (using market prices) that basket. The resulting value represents the cost or minimum expenditure required to attain a minimum level of well being (or what Ravallion, 1998, calls "the cost of the poverty level of utility"). As the value of the minimum needs basket will vary depending on the composition of the basket (and, of course, prices), it is important that the basket be consistent with expenditure patterns of the poor.

Methodology

The poverty datum lines employed in this study use a "representative basket" of food items that are consistent with expenditure patterns in Zimbabwe, provide reasonable dietary diversity, and provide a minimum amount of food energy needs. This basket was valued using market prices for the 10 provinces of Zimbabwe[8]; the resulting value (or cost of consumption of the minimum food needs) represents the "food poverty line" (FPL). It is assumed that an individual whose total consumption expenditures do not exceed the FPL is very poor. A second poverty line that accounts also for non-food basic needs was created; this line is denoted the "total poverty line" (TPL). The TPL was derived by computing the non-food consumption expenditures of households whose food expenditures just equal FPL. This amount was added to the FPL. If an individual does not consume more than this TPL, he or she is deemed poor.

There are two options for the "representative basket" of food items: (i) use a single basket for the entire country, or, (ii) use a basket that varies according to location. An example of the second option is the PASS study (MPSLSW) which used different minimum food baskets for urban and rural households. The choice to use single or multiple baskets, and the composition of the baskets

[8] Official CSO prices were used. These are collected on a monthly basis in major markets throughout Zimbabwe. As they are regularly updated and form the "Official Price Series" of the Government of Zimbabwe, they are the most appropriate prices to use in this analysis.

is not one that should be made cavalierly. There is substantial evidence that findings relative to where poverty is more severe can depend on the choice (see, for example, Ravallion and Sen).

If a single national basket is used, poverty among certain groups may be understated when their consumption is compared to the cost of each poverty line. The reason for this is that as prices change, consumers substitute away from consumption of relatively more expensive goods and replace them with less expensive sources of nutrients. For example, prices of some commodities such as sugar and cooking oil might be higher in rural areas than they are in urban areas. Rural consumers will substitute less expensive goods for these higher-priced goods. If a constant food basket is used, and prices of the goods in the basket in rural areas are all higher than in urban areas, the poverty line, computed using a single food basket, in rural areas will be higher than it should be. Rural consumers will be able to achieve the same level of welfare, at lower cost to them, by making substitutions. The resulting poverty line will tend to overstate rural poverty relative to urban poverty[9].

The above argument implies that different "baskets" should be used depending on the location, especially if relative prices vary "significantly" across locations. However, a problem emerges with the use of different baskets, because different baskets of goods can imply different levels of welfare. To make poverty comparisons, the analyst must try to insure that individuals (or households) whose expenditures or income are exactly equal to the poverty line have equal levels of well being, regardless of where they live. When "minimum needs" baskets contain different quantities or different items in different areas, it is difficult to insure this equality. Thus, the validity of the poverty comparisons may be compromised by the use of different consumption baskets to construct the poverty line.

The CSO is, as a matter of policy, adopting a single minimum needs food basket. There are several reasons for this including the fact that CSO uses single national weights for its CPI. It is desirable to have a consistent methodology for the CPI and the PDLs. In addition, there are substantial difficulties associated with ensuring that welfare levels are similar if different baskets are used. For the purpose of validating inferences, rural and urban minimum needs baskets were identified and the results of the two profiles were compared.

The Minimum Needs Food Basket

The minimum needs food basket was identified by examining expenditure patterns from the 1995/96 ICES[10] and comparing those patterns to baskets used in other studies. An overview of the procedure used to identify components of the food basket and the quantities of each component is shown in figure D.1.

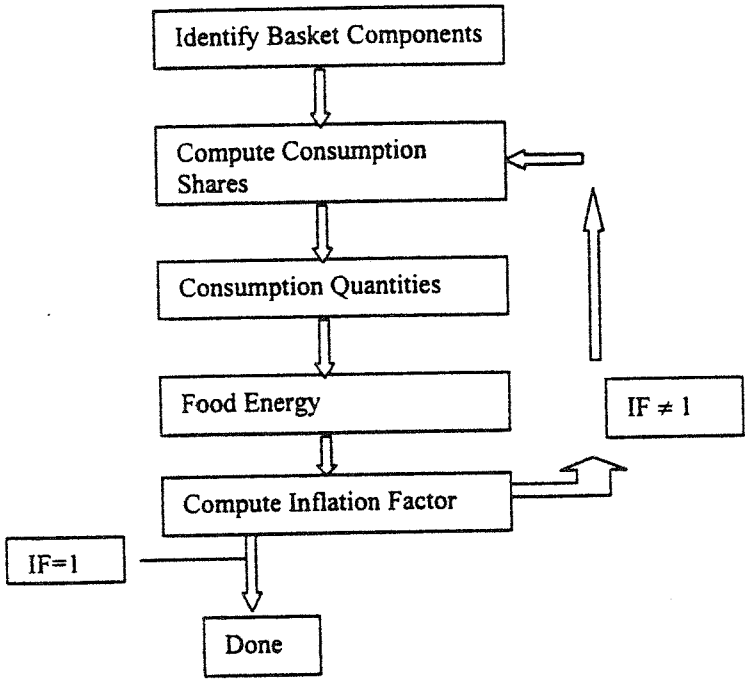
[9] The example here is hypothetical, and the real direction of the bias depends on a number of things, including the magnitude of price differences, the source and composition of the minimum needs basket, and the propensity of low-income consumers to make substitutions. The direction of the bias (that is, whether poverty is over- or under-stated in a given area due to the use of a single food basket) is an empirical question.

[10] The terms "consumption" and "expenditure" are used interchangeably here. The ICES contains information on market expenditures and non-market values such as own-produced items consumed by the household.

Identifying basket components

The analysis began by analysing consumption patterns of Zimbabweans. Mean food budget shares[11] were examined for households whose consumption fell below the 40th percentile of total per capita consumption. Food items were identified that constituted at least 1 percent of total food consumption for such households for each province and by rural and urban location. Any item whose mean food share exceeded 1 percent in any province was included in the minimum needs basket. Eighteen expenditure items were identified as being significant components of food expenditure. These commodities and their shares of total food expenditures are shown in table D.1. They formed the "minimum needs" basket of food.

Figure D.1. Process for Determining PDL Quantities



Determining quantities of each component

Once the elements of the minimum needs food basket were identified, there was need to determine the quantity of each element, so that the total basket could be priced. In this step, the average shares of each of these minimum needs elements in the total value of the minimum food needs basket were computed[12]. These shares were only computed for households below the 40th percentile of the national consumption distribution[13]. These shares were multiplied by the value

[11] That is, the share of expenditure or consumption of each food in total household food expenditure. These mean shares were computed only for those households below the 40th percentile of the national consumption distribution.

[12] The total consumption expenditure by each household on the elements of the minimum needs basket was divided into the value of consumption of each item. This formed a series of expenditures on each item as a share of total expenditures on the food basket.

[13] The choice of this decile as a starting point was arbitrary. The resulting food basket does not depend on this choice.

of expenditure at the 40th percentile, and divided by CSO prices, to yield the implied quantity of each good consumed.

Quantities were then converted to their energy equivalent (see section below on how food energy content was computed). The energy content of the food basket (E_B)[14] was compared to the 2100 calorie per person per day FAO minimum dietary needs (E_{MIN}). An inflation factor (E_B/E_{MIN}) was computed and the total expenditure at the 40th percentile was multiplied by this inflation factor (to increase or decrease, proportionally, the quantities of all the items in the basket). This process yields a new consumption cutoff.

Table D.1 *Food Commodities Included in the Minimum Needs Basket, and Their Shares Of Total Food Consumption Expenditures*[a].

Commodity	Share in total food consumption
Maize (including own-produced)	.216
Bread	.094
Rice	.012
Flour	.018
Beef (including own-produced)	.130
Poultry	.024
Fish	.043
Milk&eggs (including own-produced)	.061
Fats&oils	.066
Rape	.021
Cabbage	.007[b]
Tomatoes	.016
Own-produced vegetables	.093
Groundnuts	.013
Potatoes&tubers	.017
Sugar	.062
Pulses	.008[b]
Salt & Confections	.016
Total (value food basket divided by total food consumption)	.920

Source: 1995/96 ICES.
[a] Shares are presented for households below the 40th percentile of total per capita consumption.
[b] Although the mean share is less than 1 %, the share exceeds 1% in at least one province.

Average minimum needs shares were then computed for households whose total consumption fell below the new consumption cutoff. The quantities were recomputed and priced, and the process was repeated until the inflation factor stabilized at 1. This iterative process insures that the budget shares used are consistent with the expenditure patterns of households below the poverty line.

[14] $E_B = \sum_{i=1}^{n} s_i * x_{40} / p_i * e_i = q_i * e_i$, where i indexes the n (18) items in the minimum needs basket, s_i is the minimum needs expenditure share, x_{40} represents the value of total consumption expenditure at the 40th percentile, p_i is the price of the ith good, and e_i is the energy content of the ith good.

In order to compute rural and urban poverty lines (for the purpose of examining the robustness of the findings of the profile to the use of a single national minimum needs basket), the process was repeated. Budget shares, quantities, and final expenditures were computed for urban and rural areas, separately. The process yielded two minimum needs baskets, one for urban and one for rural areas, while ensuring that the expenditure patterns were consistent with such patterns in rural and urban Zimbabwe.

Computing Food Energy Content

The energy content of the minimum needs basket had to be estimated in order to derive the inflation factor and ensure that the quantities of food in the basket provided adequate dietary energy. To do so, values of expenditure on the food items were divided by the food prices (see above) to yield quantities. After this, the quantities had to be converted to their energy equivalent. To operationalise this approach, the problem of how the 1995/96 ICES handled own consumption of food items needed to be addressed. Also, assumptions about the energy content of the food items were made.

Table D.2 Assumed Composition of Own-Produced Consumption, by Broad Group

Own-Produced Broad Commodity Group	Assumed Composition
Bread and Cereals	Maize (100%)
Meat	Beef (70%), poultry (30%)
Dairy	Milk (80%), eggs (20%)
Vegetables	Cabbage(33%), rape(33%), tomatoes (34%)

Note: these assumed compositions were based on rough expenditure patterns for market purchases of the items.

To minimize the needs for prices of commodities, the components of the composite commodities were kept to a small number. In the bread and cereals group, maize was the only component, because own consumption of the other major cereals (bread, flour, rice) is unlikely to occur.

Own consumption

Own consumption accounts for a large share of reported expenditures on the following food groups: bread and cereals, meats, dairy products, and vegetables. Since the ICES contains no information on the specific commodities composing these own consumption expenditures, assumptions needed to be made about their composition in order to compute prices (which are quantity-weighted averages) and energy contents of these commodities[15]. Assumptions about the

[15] The ICES addresses own consumption by asking the household the value of own-produced food items consumed in the previous month (see CSO 1995a and CSO 1995b). However, these values were aggregated during completion of the questionnaire into broad food groups. For example, while the ICES contains information on market expenditures on maize, bread, millet, etc., it only contains information on own-consumption of the broad cereal group. Payments in kind, gifts, and transfers are also aggregated in a similar fashion.

composition of the own-consumption composite goods were made based on expenditure patterns, on the availability of CSO prices, and common sense. For example, the own-consumption of the bread and cereal group did not include bread (very little own-consumption of bread occurs) or sorghum/millet (CSO does not collect prices of these commodities). The assumed composition of the own-consumption bundle for each of these groups is shown in table D.2.

Energy content

The primary source of information on energy content of food items was the paper authored by Chitsiku. In cases where food items were aggregated into a compound commodity, raw expenditure shares were used to weight the calorie contents of the different components. All energy values were adjusted for energy losses during cooking.

Table D.3 Assumed Energy Content of Food items in the Minimum Needs Basket

Commodity	Units	Kcal/ unit	Note
Maize	100 g	310	Straight run mealie-meal, adjusted (*.89) for energy loss during cooking
Rice	100 g	311	Raw rice, adjusted (*.89) for energy loss during cooking
Flour	100 g	291	Adjusted (*.89) for energy loss during cooking
White bread	Standard Loaf	2100	70 kcal/25 g., 750 g. per loaf
Beef	100 g	251	Stewed beef
Poultry	100 g	216	Roasted chicken
Own-produced meat	100 g	240	Beef (70%), chicken (30%)
Fish	100 g	299	Dried fish
Milk	1 cup (244 g)	150	Fresh whole milk
Own-produced dairy	100 g	151	Milk(80%), eggs (20%)
Oil/fats	100 g	895	Vegetable oil
Cabbage	100 g	20	Boiled
Rape	100 g	36	Adjusted (*.76) for nutrient loss during cooking
Tomato	100 g	16	Adjusted (*.76) for nutrient loss during cooking
Own-produced vegetables	100 g	24	Cabbage(33%), rape(33%), tomato(34%)
Tubers	100 g	78	Compound commodity (.75 boiled potato and .25 boiled sweet potato)
White sugar	100 g	375	
Dried Vegetables	100 g	330	Dried haricot beans

Source: Chitsiku

When a food basket providing 2100 calories per day was reached, it was priced for each province and month using local prices. This process yielded region- and month-specific food poverty datum lines.

Non-food expenditures

Because it is difficult to measure quantities, qualities, and prices of non-food goods necessary for a minimum level of well-being, the analysis turned again to revealed behaviour of households near the FPL. Ravallion (1998) shows that on a conceptual basis, the total consumption poverty line cannot exceed the total consumption of those whose actual food spending achieves basic food needs. Thus, we measure the total consumption for households whose food expenditures exactly equal the FPL. This amount of expenditures is the TPL.

To implement this procedure, non-parametric methods are used to measure the total consumption expenditures of those households just spending enough on food to meet the FPL consumption level. The mean total consumption of households whose food expenditures fall between .99 and 1.01 of the FPL was computed. Then mean expenditures for the intervals .98-1.02, .97-1.03 up to .90-1.10 were computed. The mean of these consumption expenditures provides a non-parametric estimate of the mean consumption (food plus non-food). These shares are computed by rural/urban residence and by province.

Because prices vary monthly and by province, the FPL is different for every month and every province. The TPL is different for every month, every province, and by rural/residence.

Results

The iterative procedure outlined above was used to compute a minimum needs basket for all Zimbabwe (table D.4). The minimum needs basket is close in quantities to the basket used in the PASS study (MPSLSW), and closely matches the consumption patterns of Zimbabweans (see Mutungadura and Keogh for an overview of different food baskets used in studies in Zimbabwe). Differences from the PASS[16] basket occur because the CSO changed its questionnaire between the conduct of the 1990/91 and 1995/96 ICES, and expenditure patterns of the poor have changed over time.

The quantities consumed in this minimum needs basket are multiplied by the market price in each of the 10 provincial markets to yield a food poverty line for each province. This poverty line varies by market and by month as the prices of the goods in the minimum needs basket change. Based on average food consumption patterns of poor Zimbabweans, a national FPL of Z$124 per person per month was computed[17].

[16] The PASS study used a minimum needs basket derived using the 1990/91 ICES.

[17] It is important to recognize that the price of the basket will vary over time and space. The Z$ 124 was according to average prices in Zimbabwe during the period July 1995 through June 1994. In any month or at any location, the value of the minimum needs basket will differ from Z$ 124.

Table D.4 *Minimum Needs Food Basket for All Zimbabwe*

Commodity	Share of minimum needs food basket	Quantity (kg/annum/person)
Maize (including own-produced)	.28	134.7
Bread	.06	18.3
Rice	.01	0.7
Flour	.02	3.6
Beef	.12	11.1
Poultry	.02	2.4
Fish	.05	3.5
Milk&eggs (including own-produced)	.05	15.5
Fats&oils	.06	5.7
Rape	.03	13.1
Cabbage	.01	5.3
Tomatoes	.01	3.1
Own-consumed vegetables	.18	66.7
Groundnuts	.02	8.4
Potatoes&tubers	.02	6.6
Sugar	.08	13.3
Pulses	.01	10.5
Salt	.01	2.9

Source: ICES 1995/96

Table D.5 *Mean TPLs by Place of Residence*

	Rural	Urban
Province	Mean TPL	Mean TPL
Manicaland	211.55	235.04
Mashonaland Central	265.07	278.49
Mashonaland East	249.97	283.95
Mashonaland West	234.60	248.90
Matabeleland North	213.10	233.89
Matabeleland South	221.97	225.57
Midlands	215.40	235.95
Masvingo	230.65	260.59
Bulawayo	-.-	312.85
Harare	-.-	289.53

Notes: Variation in TPL is caused by spatial and seasonal variations in prices and by variations in the food shares by place of residence (rural/urban) and province. TPL is measured in Z$ per person per month.

Food shares and non-food needs

A second poverty line (the total consumption poverty line) is derived by obtaining, from the ICES, the average non-food consumption expenditures for households whose food consumption is equal to the FPL. The mean FPL by province and place of residence are shown in table D.5.

Comparison with PASS Results

The ICES results cannot be exactly compared with PASS because different measures of welfare[18], different survey techniques, and different PDLs were used in the two studies. The PASS was conducted using a one-off survey, where the main measure of well-being was income. PASS was also conducted only in November 1995, while the ICES spanned the year from July 1995- June 1996. However, it is possible to isolate the effects of different welfare measures and the errors associated with their measurement from the effect of different PDLs. To do so, the PASS poverty lines were used to compute the prevalence of poverty using the ICES data. The PASS PDLs were adjusted (using the monthly and province-specific CPI) for the month of survey of the ICES. The results, for urban and rural areas are shown in table D.6.

Prevalences of poverty measured using the ICES and the PASS PDLs are much lower than the same prevalences measured using the PASS income measure. This result provides evidence that PASS systematically underestimated consumption (using the income proxy), and systematically overestimated poverty. Reasons for this overestimation may have to do with the timing of the survey (November may be a particularly bad month) or the proxy and how it was measured, or both.

Table D.5 *Measured Prevalence of Poverty, Two Surveys, Using PASS PDLs.*

	PASS-Measured Prevalence of		ICES-Measured Prevalence of	
Residence	**Poverty**	**Severe Poverty**	**Poverty**	**Severe Poverty**
Rural	75	60	62	36
Urban	39	21	28	10
All Zimbabwe	61	45	50	26

[18] PASS used income per person while this study used consumption expenditures per capita.

Annex E

Miscellaneous Tables

Table E.1.2 Main Activity for People Reported to be Working, by Urban/Rural

Percent Workers Reporting Main Activity as	Place of Residency		
	Rural	Urban	All Zimbabwe
Permanent paid employee	13.9	64.7	28.3
Casual/temporary employee	8.8	16.6	11.1
Employer	0.1	0.4	0.2
Communal/resettlement own-account worker	53.3	1.0	38.5
Other own-account worker	2.5	16.5	6.5
Unpaid family worker	21.3	0.8	15.5
Total	**100%**	**100%**	**100%**

Source: 1995/96 ICES. Workers are only those who currently report being employed. For example, the main activity of a student is student and he or she would not be included among these numbers.

Table E.1.2 Mean Holding Size (in hectares) in Communal and Resettlement Areas, by Province

Province	Communal Areas	Resettlement Areas
Manicaland	1.55	2.80
Mashonaland Central	2.06	3.85
Mashonaland East	1.52	4.82
Mashonaland West	2.39	4.18
Matabeleland North	2.51	-
Matabeleland South	1.57	4.57
Midlands	2.78	4.86
Masvingo	1.78	4.90

Source: 1995/96 ICES

Table E.2.1 *Shares of Consumption Expenditures by Decile*

Decile	Share of Total Expenditure Per Capita	Mean Real Expenditure Per Capita
1	.00849	38.29
2	.01448	58.07
3	.02047	74.86
4	.02664	93.06
5	.03476	113.47
6	.04529	138.11
7	.06175	173.79
8	.09112	226.50
9	.15180	321.48
10	.54520	882.95

Source: 1995/96 ICES. Harare in July 1995 is the base period.

Table E.2.2 *Prevalence of Poor and Severely Poor People and Distribution of Poor People by Rural/Urban*

Residence	Prevalence of Poverty	Prevalence of Severe Poverty	Percent Poor People	Percent Very Poor People
Rural	86.4	62.8	77.0	89.7
Urban	53.4	15.0	23.0	10.3
All Zimbabwe	75.6	47.2	100	100

Source: 1995/96 ICES. Poor denotes residents of households whose consumption expenditures do not meet the upper poverty line (the TPL); very poor people reside in households with consumption expenditures below the lower poverty line (the FPL).

Table E.2.3 *Prevalence of Poor and Severely Poor People and Distribution of Poor People By Province*

	Prevalence (%) of		Poverty Indices	
Province	Poor People	Very Poor People	Poverty Depth Index	Poverty Severity Index
Manicaland	82.6	57.7	42.5	25.4
Mashonaland Central	87.8	57.0	49.1	31.7
Mashonaland East	80.4	47.4	40.9	24.4
Mashonaland West	79.4	54.0	40.8	24.9
Matabeleland North	88.9	78.4	53.8	36.2
Matabeleland South	86.3	63.0	47.2	30.1
Midlands	74.8	50.7	35.8	20.7
Masvingo	86.2	64.7	49.1	32.1
Bulawayo	61.7	14.9	25.4	13.1
Harare	48.4	10.1	17.1	8.2

Source: 1995/96 ICES. The poverty gap and the severity indices are the Foster, Greer and Thorbecke $\alpha=1$ and $\alpha=2$ measures, respectively (see Ravallion, 1992 for details). These indices are calculated using the upper poverty line.

Table E.2.4 Distribution of Poor People by Province

Province	Percent Poor People	Percent Very Poor People
Manicaland	17.5	19.5
Mashonaland Central	10.2	10.6
Mashonaland East	10.2	9.7
Mashonaland West	10.6	11.5
Matabeleland North	6.6	9.3
Matabeleland South	6.3	7.4
Midlands	12.2	13.3
Masvingo	11.1	13.4
Bulawayo	4.8	1.9
Harare	10.4	3.5
Total	100	100

Source: 1995/96 ICES. *Poor* denotes residents of households whose consumption expenditures do not meet the upper poverty line (the TPL); *very poor* reside in households with consumption expenditures below the lower poverty line (the FPL).

Table E.2.5 Household Poverty Indices by Sector of Employment of the Household Head

Type of Employment	Prevalence (%) of		Poverty Indices	
	Poor	Very Poor	Poverty Depth Index	Poverty Severity Index
Own-account resettlement farmer	86.0	61.3	53.3	33.1
Own-account other	63.1	27.7	41.8	22.0
Government	30.7	7.7	33.9	15.7
Parastatal	38.7	12.0	36.3	17.6
Private Sector				
Formal Sector	47.0	16.8	37.7	18.6
Informal Sector	55.3	25.4	41.9	22.9

Source: 1990/91 ICES. Government workers include Central and Local government workers; parastatal includes cooperative employees; formal sector includes registered establishments; informal sector includes unregistered establishments.

Table E.2.6 Prevalence of Household Poverty by Tenure Status

	Rural	Urban	All Zimbabwe
Owner/purchaser	85.1	48.2	76.8
Tenant or Lodger	59.3	37.1	39.1
Tied Accomodation	49.1	35.8	45.2
Other	60.6	40.2	45.0

Source: 1995/96 ICES. Poor people reside in households whose per capita consumption expenditures are below the upper poverty line (the TPL).

Table E.3.1 *Prevalence of Poor and Severely Poor People and Distribution of Poor People by Province, Rural Areas*

Province	Percent Poor People	Percent Very Poor People
Manicaland	21.1	20.9
Mashonaland Central	12.4	11.6
Mashonaland East	12.8	10.6
Mashonaland West	11.3	11.6
Matabeleland North	7.3	9.1
Matabeleland South	7.9	8.1
Midlands	13.7	13.8
Masvingo	13.6	14.4
Total	100%	100%

Source: 1995/96 ICES. Poor people reside in households whose per capita consumption expenditures are below the upper poverty line (the TPL). Very poor have consumption expenditures below the lower line (the FPL).

Table E.3.2 Poverty Indices for People in Rural Areas by Province

Province	Prevalence of Poverty	Prevalence of Extreme Poverty	Poverty Gap Index	Poverty Severity Index
Manicaland	85.5	61.6	44.4	27.0
Mashonaland Central	91.2	61.7	52.1	34.0
Mashonaland East	81.5	49.0	41.8	25.1
Mashonaland West	85.0	63.4	46.2	29.0
Matabeleland North	93.1	84.8	58.2	39.8
Matabeleland South	89.6	66.8	49.7	31.9
Midlands	82.4	60.3	41.3	24.4
Masvingo	88.9	68.7	51.4	33.9

Source: 1995/96 ICES. The poverty gap and the severity indices are the Foster, Greer and Thorbecke α=1 and α=2 measures, respectively (see Ravallion, 1992 for details). These indices are calculated using the upper poverty line.

Table E.3.3 *Indices of Poverty Among People by Rural Land Use Areas*

Land Use Area	Prevalence (%) of		Poverty Indices	
	Poverty	Extreme Poverty	Poverty Gap Index	Poverty Severity Index
Communal Areas	88.3	66.8	49.5	31.7
Small Scale Commercial Farms	78.4	45.4	35.3	19.6
Large Scale Commercial Farms	75.6	44.0	35.1	19.5
Resettlement Areas	92.9	65.3	50.5	31.5

Source: 1995/96 ICES. The poverty gap and the severity indices are the Foster, Greer and Thorbecke α=1 and α=2 measures, respectively (see Ravallion, 1992 for details). These indices are calculated using the upper poverty line.

Table E.3.4 *Prevalence of Poverty and Extreme Household Poverty by Natural Region and Land Use (prevalence of extreme poverty in parentheses)*

Land Use	Natural Region				
	I	II	III	IV	V
Communal Areas	85.2 (54.3)	79.4 (51.7)	77.1 (51.6)	83.4 (59.2)	87.1 (70.8)
Small-scale Commercial Farms	88.9 (53.3)	51.8 (18.5)	N/A*	70.6 (38.8)	N/A*
Large-scale Commercial Farms	42.5 (21.0)	60.4 (27.1)	66.7 (37.4)	33.4 (12.3)	47.0 (23.9)
Resettlement Areas	N/A*	88.2 (45.2)	86.2 (59.2)	94.1 (63.8)	93.9 (72.7)

Source: 1995/96 ICES. Poor are households whose per capita consumption expenditures are below the upper poverty line (the TPL). Very poor have consumption expenditures below the lower line (the FPL).
* The respective land uses were not in the ICES sample for these natural regions.

Table E.3.5 *Percentage of Males and Females Reporting an Illness, by Poverty Status*

Poverty Status	Sex	
	Male	Female
Non Poor	13.7	16.4
Poor	12.7	14.8
Poorest	13.0	15.2

Source: 1995/96 ICES. Cells are the percentage of people reporting being ill in the past 30 days.

Table E.3.6 *Prevalence of Poverty Among People by Sex and Education of the Household Head, Rural and Urban Areas*

Education of Household Head	Rural		Urban	
	Poor	Very Poor	Poor	Very Poor
All Households				
None	91.7	71.6	81.7	30.8
Primary School	88.3	64.9	66.7	20.6
Secondary School	75.1	47.3	48.0	10.6
Post-secondary School	39.3	8.7	20.1	4.1
Male-headed				
None	91.9	73.4	81.9	30.0
Primary School	89.1	66.7	65.9	19.6
Secondary School	73.4	46.7	48.4	11.1
Post-secondary School	42.6	7.4	20.4	4.5
Female-headed				
None	91.5	69.8	81.4	32.5
Primary School	86.9	62.0	69.5	24.4
Secondary School	79.2	48.6	45.7	8.1
Post-secondary School	24.0	14.8	17.7	0.8

Source: 1995/96 ICES. Poor people reside in households whose per capita consumption expenditures are below the upper poverty line (the TPL). Very poor have consumption expenditures below the lower line (the FPL).

Table E.3.7 Poverty Indices for Households by Sex and Education of the Household Head

Education of Household Head	Prevalence (%) of		Poverty Indices	
	Poor	Very Poor	Poverty Depth Index	Poverty Severity Index
Male-headed				
None	81.9	56.6	54.6	34.6
Primary School	70.1	40.6	48.2	28.3
Secondary School	46.3	18.5	39.2	20.2
Post-secondary School	18.0	3.6	27.1	10.7
Female-headed				
None	84.6	55.3	51.4	31.4
Primary School	75.2	45.6	48.2	28.1
Secondary School	53.6	25.3	41.3	21.9
Post-secondary School	12.3	3.2	31.2	17.2

Source: 1995/96 ICES. The poverty gap and the severity indices are the Foster, Greer and Thorbecke α=1 and α=2 measures, respectively (see Ravallion, 1992 for details). These indices are calculated using the upper poverty line.

Table E.3.8 Prevalence of Household Poverty by Sex and Education of the Household Head, Rural and Urban Areas

Education of Household Head	Rural		Urban	
	Poor	Very Poor	Poor	Very Poor
Male-headed				
None	84.8	62.2	64.4	22.6
Primary School	79.4	54.2	52.0	13.7
Secondary School	59.6	34.6	37.7	8.0
Post-secondary School	25.1	6.1	15.8	2.8
Female-headed				
None	86.1	57.8	66.5	24.3
Primary School	80.7	53.0	52.7	15.2
Secondary School	69.3	39.7	32.0	5.3
Post-secondary School	12.8	7.6	12.0	0.8

Source: 1995/96 ICES. Poor households have per capita consumption expenditures are below the upper poverty line (the TPL). Very poor have consumption expenditures below the lower line (the FPL).

Table E.3.9 Poverty Indices Computed for People by Education of the Household Head

Education of Household Head	Poor	Very Poor	Poverty Depth Index	Poverty Severity Index
None	90.7	67.5	57.1	37.1
Primary School	82.9	53.9	51.8	31.7
Secondary School	60.3	27.3	42.0	22.4
Post-secondary School	24.6	5.2	29.4	12.4

Source: 1995/96 ICES. The poverty gap and the severity indices are the Foster, Greer and Thorbecke $\alpha=1$ and $\alpha=2$ measures, respectively (see Ravallion, 1992 for details). These indices are calculated using the upper poverty line.

Table E.F.1 Access to Sanitation and Electricity by Poverty on Large Scale Commercial Farms

% With Access to	Type of LSCF							
	Type I		Type II		Type III		Type IV	
	Non-poor	Poor	Non-poor	Poor	Non-poor	Poor	Non-poor	Poor
Safe Water	98.3	94.2	96.5	95.1	98.0	91.2	96.3	93.6
Toilet (Flush or Blair)	76.9	56.5	62.3	51.0	91.3	52.4	74.0	51.9
Electricity	24.0	5.8	9.9	5.6	71.5	17.4	23.4	7.5
Cook with Electricity	15.7	1.8	2.7	0.1	60.3	6.2	10.2	1.6

Source: 1995/96 ICES. Poverty refers to the prevalence of households or people in households whose consumption expenditures per capita are below the upper poverty line (the TPL). Type I households have three or fewer members and are headed by someone who has at least some secondary education; type II are small in size, but headed by someone with only primary education; type III are large in size, with a well-educated head; while type IV are large in size and headed by someone with primary or less education.

Table E.F.2 Distribution of Large Scale Commercial Farms by Household Headship

Headship	Type of Large Scale Commercial Farm				
	Type I	Type II	Type III	Type IV	All LSCFS
Male	91.6	85.1	91.8	90.2	88.5
Female Defacto	2.5	2.5	2.1	1.3	2.1
Female Dejure	5.9	12.4	5.0	8.5	9.4

Source: 1995/96 ICES. Type I households have three or fewer members and are headed by someone who has at least some secondary education; type II are small in size, but headed by someone with only primary education; type III are large in size, with a well-educated head; while type IV are large in size and headed by someone with primary or less education.

Annex F

Poverty on Large Scale Commercial Farms

Several researchers note that commercial farms need to be analysed separately from other rural land use areas. Because they are characterised by diverse populations as they include households headed by farm owners and managers and by farm labourers, commercial farms need to be examined closely (World Bank 1996 summarises some of the arguments). Indeed, above it was found that the prevalence of poverty and extreme poverty is relatively low on commercial farms when compared to other rural areas. It was also noted, however, that the FGT poverty depth and severity indices indicated problems of inequality among residents of LCSFs. Unfortunately, the ICES cannot be used to distinguish directly between owners/managers and labourers[19], but further analysis shows major differences based on household structure and the education of the household head.

Returns to education on commercial farms are more consistent with returns in urban areas than they are with other rural areas. There is a sharp break in poverty status for households on LSCFs that are headed by someone with at least some secondary education. The prevalence of household poverty falls from nearly 60 percent to below 40 percent if the head of a household on a commercial farm has some secondary education as opposed to some primary education. The prevalence of extreme poverty drops by about ½ for households whose head has some secondary education. About 26 percent of households on commercial farms have a head with at least some secondary education. Households headed by someone with post-secondary education are very unlikely to be poor, although these households represent only about 0.3 percent of the commercial farm population.

Table F.1 Poverty and Education of the Household Head, Large Scale Commercial Farms

Head's Education	Percent of Total Population	Prevalence of Poverty	Prevalence of Extreme Poverty
None	17.3	71.3	38.3
Primary	56.9	59.6	28.9
Secondary	25.5	38.1	14.5
Post Secondary	0.3	9.1	9.1
Total	100		

Source: 1995/96 ICES. Prevalence of poverty refers to households with per-capita expenditures below the upper poverty line (the TPL). Extreme poverty is below the lower poverty line (the FPL).

[19] The ICES, when it asks about the main activity of the household head, can distinguish between workers and employers. Unfortunately, the percentage of households on commercial farms that are headed by someone whose main activity is employer is only .3. Managers and normal workers cannot be separated because both would classify themselves as salaried employees.

Table F.2 *Prevalence of Household Poverty on LSCFs by Household Size*

Household Size	Prevalence (%) of	
	Poverty	Extreme Poverty
1	13.2	2.5
2-3	55.2	13.3
4-5	82.0	41.7
6-7	88.9	63.0
8+	96.8	76.2

Source: 1995/96 ICES. Prevalence of poverty refers to households with per-capita expenditures below the upper poverty line (the TPL). Extreme poverty is below the lower poverty line (the FPL).

Household structure also has a large effect on household well being on commercial farms (Table F.2). As noted in chapter 2, commercial farms are characterised by having a large percentage of single-person households; here we see that household structure is closely associated with poverty. Single family households are characterised by much lower poverty and severe poverty than other households. Only 13.2 percent of single-person households on LSCFs are deemed poor (2.5 percent are very poor), compared to 56 (26.8) percent overall. There is also a discrete break between well being of households with three or fewer members and those with more than three members. Using both criteria—household size and head's education—the sample can be divided into 4 classes of farms: type I has fewer than three members and is headed by someone with secondary or higher education; type II has 3 or fewer members, but is headed by someone with primary or less education; type III has more than 3 members and is headed by someone with secondary or more education; while type IV is a large household headed by someone with primary or less education.

Table F.3 *Percent Distribution of LSCF Households by Head's Education and Household Size.*

	Head's Education				
Household Size	None	Primary	Secondary	Post-secondary	Total
1	15.2	55.0	29.6	0.3	100
2-3	16.1	50.6	32.8	0.5	100
4-5	16.4	59.8	23.6	0.1	100
6-7	20.5	67.1	12.2	0.2	100
8+	29.7	64.6	5.7	0	100

Source: 1995/96 ICES.

Analysis of Poverty by Household Type on Large Scale Commercial Farms

There is a clear and strong relationship between type of household and poverty. Type I and Type II households, which tend to be smaller in size, have prevalence of poverty and extreme poverty that is far below the prevalence in households of the other 2 types. Thirty-three percent of LSCF households are Type IV (that is they are large in size and are headed by someone of only minimal education) and the poverty prevalence in these households is over 90 percent. Type III households (large in size, but headed by someone with at least some secondary education) have a

lower prevalence of poverty and extreme poverty, but the depth and severity indices for these households are also quite high (Table F.4).

Table F.4 Household Poverty by Type of Household, Large Scale Commercial Farms

Household Type	% Total LSCF Households	Prevalence (%) of			
		Poverty	Extreme Poverty	Poverty Depth	Poverty Severity
Type I	19.1	27.5	6.1	28.8	11.4
Type II	39.7	38.2	9.0	30.2	12.5
Type III	7.8	67.4	38.1	43.9	23.3
Type IV	33.4	90.9	57.2	48.7	27.6
Total	**100%**				

Source: 1995/96 ICES. Type I households have three or fewer members and are headed by someone who has at least some secondary education; type II are small in size, but headed by someone with only primary education; type III are large in size, with a well-educated head; while type IV are large in size and headed by someone with primary or less education. Poverty refers to the prevalence of households or people in households whose consumption expenditures per capita are below the upper poverty line (the TPL). Extreme poverty represents a shortfall below the lower poverty line (FPL). The poverty gap and the severity indices are the Foster, Greer and Thorbecke α=1 and α=2 measures, respectively (see Ravallion, 1992 for details). These indices are computed using the upper poverty line.

Table F.5 Access to Sanitation and Electricity on Large Scale Commercial Farms

Percent Households with Access to	Type of Large Scale Commercial Farm				
	Type I	Type II	Type III	Type IV	All LSCFS
Safe Water	97.2	96.0	93.5	93.9	95.3
Toilet (Flush or Blair)	71.3	58.0	65.1	53.9	59.7
Electricity	19.0	8.2	35.0	9.0	12.6
Cook with Electricity	11.9	1.7	23.8	2.4	5.6

Source: 1995/96 ICES. Type I households have three or fewer members and are headed by someone who has at least some secondary education; type II are small in size, but headed by someone with only primary education; type III are large in size, with a well-educated head; while type IV are large in size and headed by someone with primary or less education.

Access to sanitation and energy sources varies significantly depending on the "type" of household living on the LSCF (Table F.5). Type I households are more likely to have access to safe water supplies and much more likely to have the use of a good waste disposal system than are other types of households. Access to electricity and use of electricity for cooking varies in a different fashion on LSCFs. The households that have more members (the type III and type IV households) are more likely to have access to electricity than the smaller households, holding head's education constant. Thus, the type III households (large size, head with secondary education) are more likely to have electricity than a type I household (35 percent vs. 19 percent). Poor households within each type are much less likely to have access to good water, sanitation, and electricity than are non-poor households (Annex E, table E.5.2). Thus, although the households types are closely associated with poverty, the poor, holding type of household constant, are much worse off than the non-poor.

The large majority of LSCF households are headed by males, while over 11 percent are headed by females. The largest fraction of type II households (small in size, poorly educated head) are female-headed (almost 15 percent of type II households are female-headed) (Annex E, table E.5.3). Female-headed households are more likely to be poor, extremely poor, and have higher depth and severity indices than male-headed households on LSCFs, but, once again, there is some heterogeneity among female-headed households (Table F.6).

De jure female-headed households have the highest prevalence of poverty of all households on LSCFs. These households represent about 9 percent of all LSCF households and are clearly worse-off than other LSCF households.

Table F.6 Household Poverty by Sex of Household Head, Large Scale Commercial Farms

Household Head	Prevalence (%) of			
	Poverty	Extreme Poverty	Poverty Depth	Poverty Severity
Male	55.6	26.4	40.8	21.2
Female	58.6	29.6	44.5	24.8
De Facto	50.3	28.2	45.7	25.3
De Jure	60.4	29.9	44.3	24.7

Source: 1995/96 ICES. Poverty refers to the prevalence of households or people in households whose consumption expenditures per capita are below the upper poverty line (the TPL). Extreme poverty represents a shortfall below the lower poverty line (FPL). The poverty gap and the severity indices are the Foster, Greer and Thorbecke α=1 and α=2 measures, respectively (see Ravallion, 1992 for details). These indices are computed using the upper poverty line.

School Enrolments on Large Scale Commercial Farms

The analysis above showed a strong relationship between the education of the head of the household and poverty status on LSCFs. Better-educated heads of households have families that are much less likely to be poor and extremely poor on all LSCFs. Several sources (notably World Bank, 1996) note that educational opportunities are limited for children living on LSCFs. The subsequent sections of the report will analyse enrolments and educational outcomes in more detail, but it is instructive to examine school enrolment rates for children on LSCFs. This information shows how poverty among workers on these farms continues from generation to generation.

Enrolment rates on LSCFs are much lower than they are for the country as a whole, and even for other rural areas of Zimbabwe. The extremely low rates of enrolment in secondary schools are particularly troubling since, as was demonstrated above, secondary education helps lower the likelihood that a family is poor. Some may argue that many of the children of secondary school age (official secondary school ages are 13-17 years in Zimbabwe) are actually old enough to be working, and thus may be misclassified as students. In fact, the mean age of children of secondary school age on these farms is 14.8 years, indicating either a large portion of under-aged workers or a distressingly low rate of school participation.

Table F.7 School Enrolment Rates on Large Scale Commercial Farms

Enrolment Rate	Type of Large Scale Co: ercial Farm			
	Type I	Type II	Type III	Type IV
Gross Total	73.7	63.6	81.4	69.4
Net Total	62.8	58.8	78.0	66.9
Gross Primary	115.9	117.5	107.2	99.7
Net Primary	92.3	77.0	82.5	72.9
Gross Secondary	21.0	10.9	16.0	10.9
Net Secondary	0.3	8.5	13.4	7.9

Type I households have three or fewer members and are headed by someone who has at least some secondary education; type II are small in size but headed by someone with only primary education; type III are large in size with a well-educated head; while type IV are large in size and headed by someone with primary or less education.

Summary

Households that reside on large scale commercial farms are a diverse group. Although there is, on average, less poverty among these households than among other rural households, there are wide variations in conditions on these farms. There are dramatic differences in the poverty indices depending on the number of members in the LSCF households and on the education of the household head. These characteristics (household size and head's education) helped distinguish between the different households.

It was found that conditions are much worse for type IV households than for others as they were less likely to avail of good water, good sanitation, and electricity than the other household types. Female-headed households are worse off than male-headed households on commercial farms.

6

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