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THE UNIVERSITY OF ZAMBIA

THE EFFECTS OF THE STRUCTURAL ADJUSTMENT PROGRAMME ON THE SOCIAL-ECONOMIC STATUS OF HOUSEHOLDS IN URBAN AREAS:

THE CASE OF CHILENJE IN LUSAKA.

BY

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RP 05/47

DECLARATION.

I, Chizya Mvula, declare that this dissertation has been composed by me and that all the work presented is my own. All maps and diagrams were drawn by me. The source of materials used have been specifically acknowledged and the dissertation has not been previously submitted for any Academic Award.

Signature:----------

Date of Submission:----19/06/01----.

DEDICATION

This work is dedicated to my father Mr. Edward Mvula and my mother Mrs. C. Mvula for their love and support always.

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I wish to thank the following people for their help and support. First and foremost, my supervisors professor R.Y Singh and Mr. G. Hampwaye for their suggestions and guidance, the chief Housing officer at the Lusaka City Council and the Librarian at the Central Statistical Office for their assistance with my secondary data needs. Thanks also to Mr. Chalila, the chief Cartographer of the Geography Department for his suggestions in the production of maps for this report.

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ABSTRACT.

When the movement for Multi-party Democracy (MMD) government came into power in 1991, it inherited problems of deterioration in all sectors of the economic including education and health. Zambia, like other developing countries in it's quest to resuscitate its poor economy embraced structural adjustment in its totality in 1991. This involved the liberalization of markets and control of prices by government, removal of subsidies, and the introduction of user fees in education and health sectors. This however, has had a number of effects on the population of Zambia.

Most of the local industries have collapsed as a result of the removal of government protection of trade of these industries and this had results in massive job losses. The population of the urban unemployed face a number of economic hardships in most people can hardly afford essential commodities including foodstuffs. Furthermore, people are unable to meet the cost of education and medical services provided by government.

In terms of education and health, the study revealed that there was reduced access to these services due to financial difficulties in most cases. People were also unable to meet their daily needs since their incomes were low. In most cases, the incomes were far outweighed by the cost of food alone.

The people were also affected by their employment status. Most people had lost employment due to retrenchment or liquidation of companies, therefore having an impact on their income.

1.0 CHAPTER ONE: INTRODUCTION

Zambia is one of the highly urbanised countries in sub-Saharan Africa with move than a third of her population living in urban areas (CSO 1996). It is therefore imperative to monitor the effects of the various government policies on the well-being of households and individuals especially in urban areas.

At independence, Zambia inherited an economic system geared towards the production of primary commodities dominated by copper. Immediately after independence the government followed a semi-liberal economic policy with planning designed to stimulate growth by giving incentives to the private sector. However, this government changed its policy in 1969 to economic nationalization and this lasted up to late 1991 corresponding to the second republic, with some attempts to liberalise the economy.

By 1991, Zambia had reached a point where it was under pressure from economic deterioration due to the steep decline in the prices of copper which was the country's major export and main foreign exchange earner and the rise in the oil importation bill. Therefore, the Structural Adjustment Programme came as a possible solution to the country's economic ills. These programmes were supported by the World Bank and the International Monetary Fund (IMF). The adjustments that were made include the privatization of state owned companies, liberalization of domestic and international trade, liberalisation of foreign exchange market, strong fiscal policy which includes government operating on cash budget to reduce inflation. Furthermore, the policies

initiated the transformation of the civil service to make it more efficient as well as the transformation of the agriculture and transport sectors.

Although the long-term goal of these adjustments were to reduce poverty and improve living standards of households, it has been observed that " the benefits of SAP are not easy to pin point" (Lungwangwa 1990). It is also argued that SAP and its conditionalities tend to lower the standards of living of most individuals. The groups affected are those living at or below the threshold of poverty. This study, therefore, seeks to establish the effects of SAP on the standards of living of the people of Chilenje as prices rise due to decontrol of prices and reduction in subsidies as well as the effect of cost sharing mechanisms like school fees and health fees on the quality of life of the poor and low income families.

1.1 STATEMENT OF THE PROBLEM

Most of the local industries have collapsed as a result of removal of government protection of their trade. This has resulted in massive job losses as well as a decrease of the job market. This has led to major economic crises since the majority of the Zambian people in the urban areas depend mainly on formal employment for their sources of income. Individuals and households are therefore seen to face a number of economic hardships. This is especially true of people in the high density population urban areas, who can hardly afford essential commodities such as meali-meal and other household items. These people who are in the low-income bracket are also faced with education and medical fees which they are unable to pay.

overall?

1.2 OBJECTIVES

The study had the following specific objectives:

I. To find out whether the people in low-income brackets are affected by the collapse of industries through unemployment.

II. To find out whether the people in Chilenje are able to pay user fees for services such as education and health.

III. To find out whether households have the means to acquire essential goods for their livelihood. These are goods such as foodstuffs and other household items.

1.3 RATIONALE

The study is important because any development objectives or change in government policy must consider the welfare of everyone in the country. However, the low-income groups are often victims of economic change. It is therefore, important to focus on these people and find out whether they have benefited from such changes in any way. The study will also provide information on the status of these people with regard to how they have been affected by such policies.

2.0 CHAPTER TWO: LITERATURE REVIEW

2.1 INTRODUCTION.

According to the World Bank (1994), there is no single explanation for Africa's poor economic performance before the Structural Adjustment period. However, Kelly (1998) points out that the economic failure of many countries has been attributed to a combination of poor policies which are characterized by overvalued exchange rates, high levels of government spending equivalent to more than 15% of GDP, excessive involvement of government in economy, protectionist import substitution trade strategies and heavy taxation of agriculture, coupled with poor governance and poor infrastructure.

The World Bank and IMF therefore argued that in order to stabilize and restructure their economies, these poor countries needed to adopt the Structure Adjustment Programmes. According to Lungwangwa (1993), there were a number of assumptions made by the advocates of SAP and these are as follows:

i) Local currencies were viewed as highly over-valued. The position taken in SAP was for these currencies to be depreciated through floating rates in order to correct the bias against export and to promote efficient import-competing industries,

ii) Price control of commodities posed unrealistic value of items. Domestic prices should therefore be decontrolled or adjusted so that they reflect the real value of goods and services and remove distortions from the economy. Towards the same end, the demand is to relax trade protection and remove subsidies on food prices,

iii) Agriculture development was viewed by the advocates of SAP as being hindered by low prices of products. It was then argued that farm produce prices should be allowed to rise- even at the expense of higher food prices for urban consumers in order to increase incentives for agricultural productivity.

iv) Government resources are overstretched by subsiding state corporations. Inefficient State Corporation should either be liquidated or sold to private business enterprises.

v) The civil services are overgrown and should be trimmed down through lay-offs, attrition and wage freezes

Lungwangwa (1993) therefore, argues that the reasons why SAP raises little debate to a recipient country is because of the pressure of economic deterioration. Zambia began entering into economic reform agreement with the IMF as far back as the mid-1970s. Formal Structural Adjustment Programme efforts were undertaken in the mid 1980s but were not fully implemented by the UNIP government. Since the 1991 transition to the MMD government, Zambia is fully involvement into SAP and by the end of 1995, signed agreements called "Enhanced Structural Adjustment facility (ESAF).

2.2 BACKGROUND OF ZAMBIA'S ECONOMIC POLICY

According to Mwanza (1992) an economic structure evolved since the late 1890s which made Zambia very dependent on a single export commodity, copper, whose earnings are characterized by a high degree of instability. Zambia crisis is highly related to the erratic performance on the of the mining industry. Mwanawina (1993) further

points out that at independence in 1964, the UNIP government of Zambia inherited an economic system geared towards the production of primary commodities dominated by copper. The country lacked skilled manpower and technical know-how. It's geographic position and poor infrasture made it unattractive to foreign investors.

In Zambia three phases of economic adjustment can be identified:-

(i) The liberal regime of the mid 1960s from the time of independence in 1964 up to 1968,

(ii) The period of economic nationality in 1969 up to late 1991, corresponding to the second republic with attempts to liberalise the economy and

(iii) The period of economic liberalization, which emerged with the reintroduction of plural politics, the electoral defeat of the UNIP, and the birth of the third republic in November 1991 (Mwanawina 1993: 69).

By 1991, the country had a large debt overhang due to heavy borrowing that was meant to maintain investment and consumption.

2.3 SOCIAL SERVICES

This study is concerned with the assessment of access to the health and education services provided. The government has been the major provider of health and educational services since independence. These sectors have suffered recession mainly due to improper planning, wrongly placed resources, a weak purchasing power of the Kwacha and also the strain on the resources by the growing population (Muzyamba, 1999).

2.3.1 HEALTH.

According to Mwanawina (1993), the health sector was adversely affected by the government's excesses and economic mismanagement during the period of economic nationalization from 1969 up to late 1991. The delivery of medical services had almost halted due to the shortage of drugs and equipment, and because poor conditions of service deterred qualified medical personnel, hospitals were saved from collapse by both domestic and foreign donations.

Due to government's expenditure on drugs, equipment, foodstuffs and other health materials caused by the ever-increasing population, through the policies of democratization and cost sharing, Health Boards were introduced through an act of parliament in 1996 (ZIC 1997). The role of the boards was to map out modalities to sustain the health institutions as a result of government's curtailed budget on public expenditure.

By 1991, Zambia's population growth rate of 3.2% per annum was one of the highest rates of growth in the world. Uncontrolled population growth has a negative impact on the provision not only of health services but also education, housing, food and transport and negates the creation of new wealth (PIP 1992: 48).

The new government in 1991 announced bold macro economic policy measures which laid the foundation to the philosophy and principal of reforms in the health sector. This was aimed at redressing the problem inherited from the previous regime. According to the Ministry of Health Planning Unit (1992), the major milestones of the reform programmes were:-

- Decentralisation – this involved restructuring the Ministry of Health to give it District focus. This meant setting up of boards by the end of July 1996 and policy decision on the concept of community health practices,
- Renew emphasis on manpower development and retention,
- Introduction of cost sharing in health care financing and
- Establishing mechanisms to ensure management accountability.

The government realized the importance of families and communities taking responsibility for their own health situation which included financing. Medical fees and insurance schemes were introduced to share the cost of health care provision and to regulate "health seeking behaviors". These fees are lowest at the lowest of the referral system and highest at the highest level. However, the Ministry of Health finances the post and training of professional health care providers as well as managers of the day-to-day running of health services (MOH Planning Unit, July 1992).

2.3.2 EDUCATION

Education expanded both in terms of infrastructure and enrolment after independence. The services were free from primary level so as to build upon the paltry figure of secondary school leavers and university graduates the country had at independence (Singo, 1988).

According to Lungwangwa (1993), the ruling policy in education since Zambia effected SAP has been that "the responsibility for the education of children rests primary

with the parents and it is they who must ultimately provide the necessary resources for education". This is a statement of cost sharing and cost shifting.

However, it is argued that cost sharing measures have in addition created major opportunity costs to children from low-income families. A growing response to a harsh economic environment characterised by high inflation, unemployment and declining real household incomes and standards of living among low income families is to withdraw children from school. Instead of sending their children to school, such families engage them in income generating ventures like street vending and farming to supplement family incomes (Lungwangwa,1993:69).

It should be stated that the policy reforms which have been brought about by SAP have deepened the structures of dependency on education both in domestic and international terms. Domestically, the reduction in funding for education have created a condition whereby communities and parents bear the burden of funding and maintaining schools. Internationally, donors have come to occupy a leading role in directing "viable" and appropriate" projects to address the pressing projects in education at all levels (Chigunta et al.,1998).

Ngenda (1997) notes that although there has been some noticeable improvement in the physical conditions of some schools through rehabilitation and supply of school desks, education costs to families are considerable, taking into account that two-third of the Zambian population is absolutely poor.

2.4 EMPLOYMENT

Formal employment in the pre-independence era stated as a result of the coming of the Europeans who coerced able bodied young male Africans into providing the low cost labour (on migratory basis) to produce cheap copper and other minerals for export, and agricultural produce for mine areas, (ZARD, 1985).

Soon after independence, the government began to expand its social and economic infrastructure in order to facilitate the expansion of the employment sector. This was done by enacting a number of reforms such as the Mulungushi of 1968 that aimed at attaining rapid expansion of the manufacturing sector. In 1969, government acquired 51% interest in the Mining Industry. The employment situation began to change after 1991 especially after implementation of SAP. The privatization of state owned enterprises and labour reforms pushed most people out of formal employment, (ZIC, 1997). meaning?

Mwanawina (1993) points out that the labour force in Zambia account for about 30% of the total population, it increased rapidly at an average rate of 17% in the 1980-90 period. However, faced with an ever-worsening economic crisis, the capacity of the productive sector to generate more jobs decreased over the years. The government reacted absorbing more labour in the civil service to the point where employment in community, social and personal services which is dominated by the government itself became the largest component of total formal employment.

In 1991, out of the economically active population of 3.2 million, 78% were employed. Among these, 56 percent were males and 44 percent were females, (CSO, 1993).

2.5 COST OF LIVING

According to Chanda (1990), cost of living can be defined in simple terms as the amount of money required to buy a basket of consumer goods in a given period of time to sustain physical needs of a household. It is a multi-dimensional phenomenon which embodies many other factors that are closely linked such as high inflation, sky rocketing prices to basis consumer goods, falling or eroded purchasing power of the Kwacha, declining real incomes, removed subsidies resulting in higher costs of education for the children, transport and health services (Chanda, 1990:24).

Lungwangwa (1993) argues that SAP produces these economic hardships because real wages tend to decline due to rising inflation; the introduction of user charges like school fees and hospital fees further reduces the incomes of the poor; the removal of subsidies on basic commodities only help to further institutionalize poverty and extend the scourge of malnutrition particularly in high density urban suburbs.

The well-being of both individuals and households in society largely depends on their participation in gainful economic activities. The desire to attain and sustain a certain accepted level engage in various economic activities (CSO 1998). However, the total employment level in the formal sector shows a decline of 4.9% from June to December 1992 and a further 2.4% drop by March 1993. This has been the continuing trend on the Zambia employment scene. There has been therefore a number of job losses from a number of companies since the inception of privatization and other economic re-adjustment policies. The most affected are manufacturing, mining, construction and trade (CSO 1995). People are therefore faced with a high cost of living and no means to sustain their livelihoods.

Furthermore, the taxation burden falls on salaried workers and companies who are levied taxes from a personal income tax and corporate tax of 2.5% to 35% and 35% respectively (Bull, 1997). Taxation on the formally, but poorly paid government employees, has contributed to the poor maintenance of households as the real incomes have also, over the years declined. Therefore, the inflationancy incomes are very inadequate for the basic acquisition of goods and services. This in turn has contributed to malnutrition and poor health.

Muzyamba (1999) notes that price increases on essential foodstuffs have been associated with the removal of subsidies and trade controls. It has been rough for the population that has to move away from the 'dependincy syndrome'. This has adversely affected the economic status of households in both urban and rural areas. For instance, the CSO (1995) reports that meali-meal prices continued exerting the upward push that commenced in the fourth quarter of 1994. Increases in absolute maize-meal prices in the first two months of this quarter ranged from 12 percent to 27 percent. Depreciation of the Kwacha against major currencies contributed to the first quarter's inflationary tone. Furthermore, local authorities have been adjusting the prices of some of their services to increase their revenue base.

CONCLUSION

Is this a sector?

The above-mentioned sectors, that is health, education and cost of living are a major areas where the effects of SAP can be identified. However, it been argued that the negative impact of SAP on human conditions tend to be undefined because the promised economic recovery has no time frame. Further more, it is not easy to pin point the

benefit of SAP since the key indictors of social development in health, nutrition, education and other areas have deteriorated significantly. Household incomes have been squeezed as employment opportunity and wages have fallen.

3.0 CHAPTER THREE: DESCRIPTION OF THE STUDY AREA

3.1 BACKGROUND.

New Chilenje is essentially a low cost housing residential area which was opened for construction in 1947. Approximately 363 two bed roomed houses were built on an area that was essentially virgin, that is, with its natural vegetation disturbed by agricultural and other activities such as firewood collection. It is one of the earliest residences in Lusaka and was built were made for the colonial government workers. Some of the houses which were built out of mud ~~and these~~ were demolished in the 1980's due to their dilapidation. However, more houses have been built over the years and the area has an articulated number of 1,504 houses according to the Lusaka City Council statistics.

3.2 LOCATION AND CLIMATE.

Chilenje is situated to the South East of Lusaka CBD as shown in figure 1. It is about 7.2km away from the CBD. The size of the area is approximately 3.15km square and it is bound by Mosi-oa-Tunya, Burma, Sangulula and Muramba raods. According to William (1983), the area is located on what is known as the Lusaka Plateau which is part of the Central African Plateau. The area is relatively dry in terms of surface drainage. Not a single river or stream passes through the area.

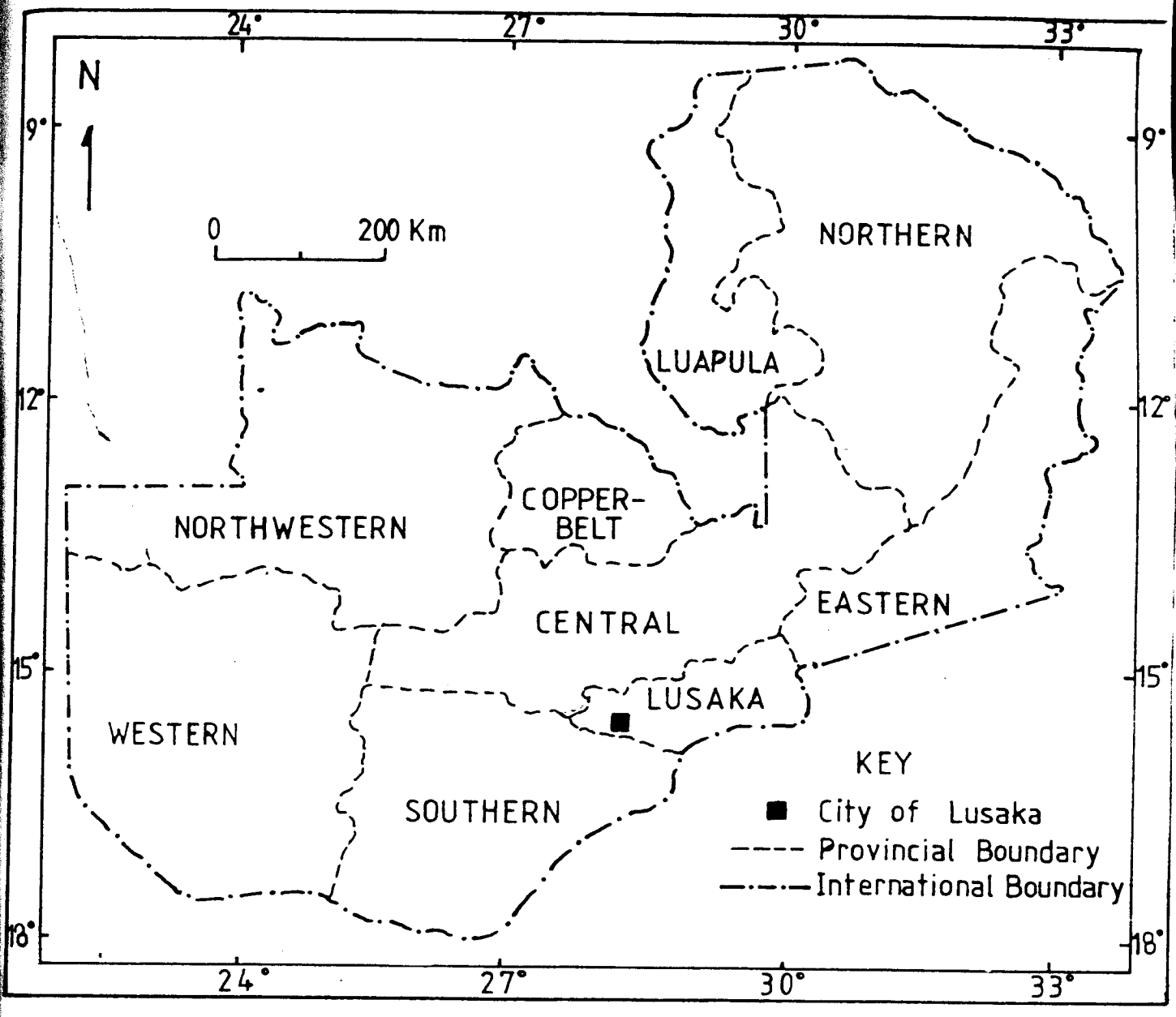
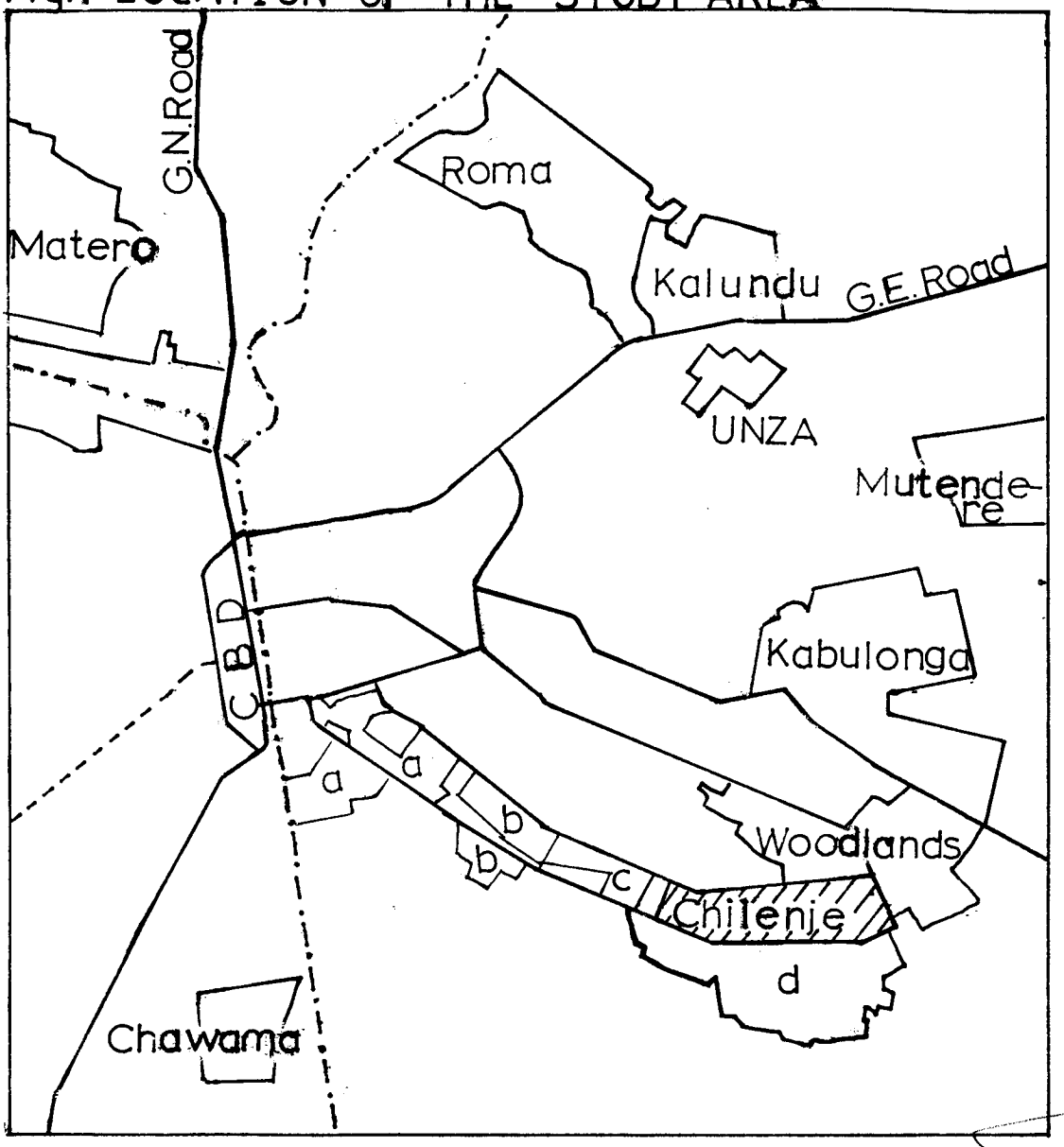


Fig 2 : LOCATION OF LUSAKA

Adapted from Davies, 1971:51

Fig.1 LOCATION OF THE STUDY AREA



Source: Mapsheet 1520 A4 (1986)
SCALE 1 : 100 000

0 1 2 3 4 5

N

KEY

Study Area
Road
Motorable Track
Railway

a = Kamwala
b = Kabwata
c = Libala
d = Chilenje South

Since Chilenje is within the bounds of the city, its climate is essentially that of Lusaka. Lusaka has a tropical climate which is largely determined by the movement of the Inter-Tropical Convergence Zone(ITCZ) across the country.

3.3 SOCIAL SERVICES PROVISION

New Chilenje is a planned urban settlement and it has a number of services. In terms of provisions of water, the area is serviced by communal piped water. The area also relies on pit latrines for their sanitary needs. To satisfy their power energy needs, the people of new Chilenje have in recent years been provided with electricity by ZESCO.

The area also has a clinic which was upgraded into a district hospital, that is Chilenje Health Centre. Within the area is also one large market which is currently being upgraded as well as a Community Centre.

4.0 CHAPTER FOUR: METHODOLOGY.

~~The~~ This chapter discusses the methods of data collection, sampling procedure and sample size, data analysis and limitations of the of the study.

4.1 METHODS OF DATA COLLECTION.

Both primary and secondary sources of data were used in this study.

4.1.1 PRIMARY DATA

Primary data was obtained through the use of questionnaires unstructured interviews and field observations.

A structured questionnaire was prepared and administered to the heads of the household. This questionnaire was prepared and administered to the head of household or spouse of household head of each housing unit. This questionnaire was administed by the researcher who recorded the responses from the respondents.

Unstructured interviews were also conducted with the senior officer of the Housing and Social Services Department of the Lusaka City Council. This was done in order to find out the logistics of the area such as the total number of houses as well as the social services provided in the area. Observations were also made in order to seek first-hand information on the social services provided and condition of households.

4.1.2 SECONDARY DATA

The main sources of secondary data were the University of Zambia main library, the Central Statistic Office (CSO) and the World Bank. what kind of sources and what kind of data was collected at each place?

4.2 SAMPLE SIZE AND SAMPLE PROCEDURES

According to the Lusaka City Council new Chilenje area has an estimated number of 1504 houses. This was, therefore taken to be the total population. Out of this total, a desired sample of 60 households were selected using the simple random method. To find the sampling interval, a simple calculation of total population divided by the sample size was done as follows:

$$\frac{1504}{60} = 25.1$$

The sampling interval was therefore 25.

After selecting the first house randomly, every 25th house was selected until the desired sample of 60 respondents was met. Good

4.3 LIMITATIONS OF THE STUDY

The major limitation of the study was that it was difficult to find the heads of households especially during the week. The study was therefore mainly done during weekends and this was a drawback in terms of time. It was also difficult to convince some of the respondents that the research was confidential and for purely academic purposes.

5.0 CHAPTER FIVE: DATA PRESENTATION AND ANALYSIS

This chapter reveals the findings of the study. It presents an overview of how the low income groups are affected by the changes in the economy brought about by the Structural Adjustment Programmes. These changes include the introduction of user fees in schools and hospitals, loss of jobs through retrenchments and company liquidation and also the increase in the prices of consumer goods or commodities due to decontrol and reductions in subsidies.

5.1 CHARACTERISTICS OF THE RESPONDENTS.

The main characteristics of the respondents such as sex, age, marital status, level of education and occupation of heads of households will be discussed. There?

5.1.1 Distribution of respondents according to sex

The sample consisted of 60 respondents of whom 41.7% were males whilst 58.3% were female.

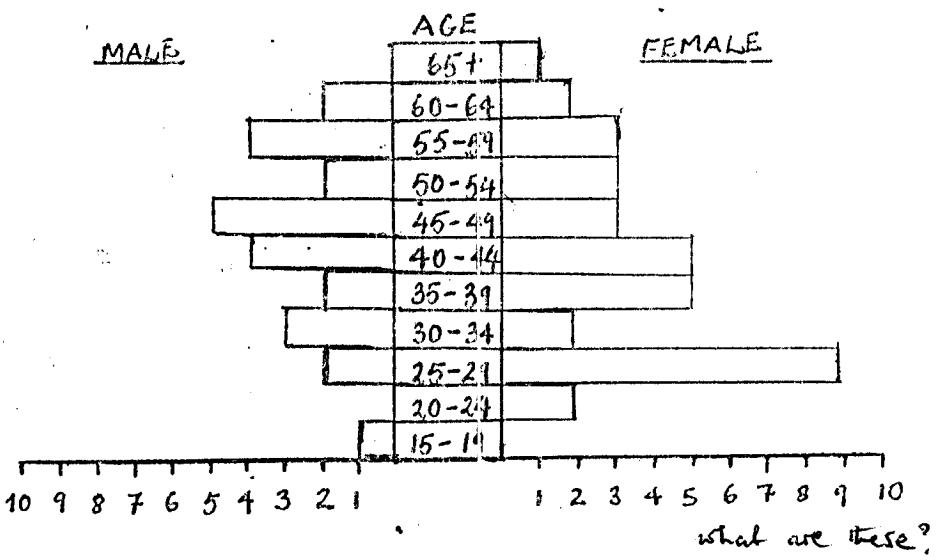
Table 1. Respondents grouped according to sex

SEX	NUMBER OF RESPONDENTS	PERCENTAGE OF TOTAL SAMPLE
Male	25	42
Female	35	58
Total	60	100

5.1.2 AGE STRUCTURE

The age distribution of the respondents is highlighted in the following age-sex pyramid.

DIAGRAM 1: Age sex distribution of the respondents.



5.1.3 Marital status

Most of the respondents were married and these far outnumber the other categories as shown in Table 2. The table shows that 61.7% were married, 11.7% were single, 6.7% were divorced, 16.7% were widowed and 3.3% were divorced.

Table 2: Marital status of respondents

Marital status	Frequency	Percentages
Single	7	11.7
Married	37	61.7
Divorced	4	6.6 type setting?
Widowed	10	16.7
Separated	2	3.3
Total	60	100.

5.1.4 Household size

The household size has an impact on living conditions or standards. The higher the number of people in a particular household the higher the consumption of essential commodities. Furthermore, households with a large number of children are more likely to spend more in terms of fees for education.

The size of most of the households in the study area was large with an average number of eight people per household. The survey revealed that only a small proportion of households had a low number of people, that is, only 5 % of the sample had household size of between 1-3 members compared to 8% in 1991. source for 1991? However, 35% of the households which were interviewed had an average of 4 to 6 members compared to 33.3% in 1991. Approximately 36.7% of the respondents belonged to households between 7 and 9 members compared to 18.3% in 1991, whilst the remaining 23.3% had 10 or more members in their household compared to a figure of 21.6% in 1991. However, there were a number of respondents (13.3%) who had no households in 1991. meaning?

Table 3: Household size.

Number of people in the household	Frequency		Percentages	
	1991	2001	1991	2001
1-3	8	3	13.3	5
4-6	20	21	33.3	35
7-9	11	22	18.3	36.7
10+	13	14	21.6	23.3
* Not Applicable	8	-	13.3	-
			-	
	60	60	99.8	100.0

Typesetting

uniformity?

5.1.5 Education attainment of respondents

According to the survey, only 8.3% of the respondents had no education, 30% had attained at least a primary level of education, 38.3 % had a secondary level of education and the remaining 23.3% had attained some form of tertiary level of education.

Tablel 4 : Level of education of respondents

Level of education	Number of respondents	Percentages
Primary	**18**	**30**
Secondary	**23**	**38.33**
College/University	**14**	**23.33**
No Education	**5**	**8.33**
TOTAL	**60**	**99.99**

uniformity? Type setting.

5.2 SOURCES OF HOUSEHOLD INCOME.

The social-economic activities of people are crucial in determining the socio-economic welfare of households. This section highlights the socio economic activities of the people living in Chilenje.

5.2.1 Respondent's Occupation.

The study was concerned with the comparison between the respondent's occupation of 1991 and their current occupation and how this affected their household income. The changes in occupational status of the respondents is shown below.

Table 5: Comparison between 1991 and Current Occupational Status.

Occupation	Number of respondents		Percentage of total sample	
	1991	2001	1991	2001
Wage Employment	26	20	43.3	33.3
Non Employed	21	23	35	38.3
Self Employed/Business	7	12	11.7	20
Retired	0	4	0	6.7
Student	6	1	10	1.7
TOTAL	**60**	**60**	**100.0**	**100.0**

type setting?

The economic activities among the respondents ranged from wage employment to self-employment or business and other miscellaneous activities which include piece work. There was a slight difference in economic activities between the current status and 1991 occupational status. About 6 respondents said they had still been students in 1991 and that they had no households in 1991. However, the survey revealed that generally, there were more people engaged in wage employment in 1991 (43.3%) than there were currently (33.3%). The number of people who were not in any form of employment, that is , the non-employed increased from 35% in 1991 to 38.3% in the year 2001. There was also an increase in the number of people in the informal sector from 11.7% in 1991 to 20% in the year 2001.

sources?

5.2.2 Reasons for leaving / changing employment

The survey also revealed that most of the respondents did not maintain the same employment they had in 1991 and this was attributed to reasons such as retirement and liquidation of companies. Only 18.3% of the respondents were found to have maintained their wage employment of 1991 whilst 46.7% had either lost their employment or had changed jobs due to poor conditions of service at their last places of employment. The rest of the respondents, (35%) were not affected either because they had been under the age of employment in 1991 or had no employment in 1991.

5.2.3 Number of Household Members Currently in Formal Employment.

The number of people in the household who were in formal employment seemed to have a significant effect on the socio-economic welfare of the household especially in extended families. However, it was found that even in large extended households, there was usually only one person, that is the head of the household who was employed. Very few households had two or more members engaged in formal employment and this is shown in the table below (Table 6)

Table 6: Number of members in Formal Employment

Number in formal employment	Frequency	Percentage
0	15	25
1	26	43.3
2	16	26.7
3	3	5
4 or more	0	0
	60	**100.0**

Type setting?

5.3 AVERAGE INCOME AND BASIC NEEDS

There is certainly a relationship between the average income of a household and its ability to afford the purchase of basic needs such as food and other groceries. The majority of the respondents were found to be in the low income bracket earning less than K200 000 per month. A number of respondents (13.3%) were unable to come up with a figure for their earning especially those who were not in wage employment. The distribution of respondents according to their monthly income is shown below.

Table 7: Average income of household per month

Amount in kwacha	Frequency	Percent of total sample.
100 000 or Less	16	26.7
100 001-200 000	18	30
200 001-300 000	5	8.3
300 001-400 000	2	3.3
400 001- 500 000	4	6.7
500 001 or more	7	11.7
Don't Know	8	13.3
	60	**100.0**

Type setting?

According to the CSO (1998), income is used as a measure of welfare because consumption of goods and services are dependant on the sum of income available to a household at any given time, therefore, household income plays a vital role in the measurement of living conditions of households. Because it is difficult to compare income over time due to inflation, this study will use accessibility to basic essentials and ability of respondent to save money as a measure for impact assessment.

How do you compare?

5.3.1 Access to basic needs or essentials

The basic needs include the household items that are used in the home on a daily basis such as food, detergent and power/energy source such as charcoal. The ability of people to acquire these needs depends upon their average monthly income. The table

below shows the perception of the respondents pertaining to their ability to acquire essential commodities in comparison between 1991 to 2001.

Table 8: Ability to buy needs or essentials

Response	Number of respondents		Percentage of total sample	
	1991	2001	1991	2001
Yes (Can afford essentials)	34	21	56.7	35
No (Can't afford essentials)	26	39	43.3	65
	60	60	100	100

Approximately 56.7% of the respondents said they were able to afford the basic needs for their household in 1991 compared to 35% in 2001. The drop in figures can be attributed to the changes in employment status from wages employment to self-employment or non employment. This means lower income in most cases. The rising prices of these commodities should also be taken into consideration. The number of respondents who could not afford basic needs for their household were 43.3 percent in 1991, and 65 percent in 2001.

5.3.2 Monthly expenses on food and frequency of meals

According to the World Bank (1994), it is argued that any individual who spends 70% or more of their income on food alone is below the poverty datum line. The study revealed that some of the respondents spend more than their entire income on food alone. These respondents said they usually had to look for alternative ways of obtaining money or food since their monthly incomes were not enough to meet their basic

nutritional needs. Despite spending all their money on food alone, most households could not afford to have three meals per day. In some households, having three meals was considered to be a luxury.

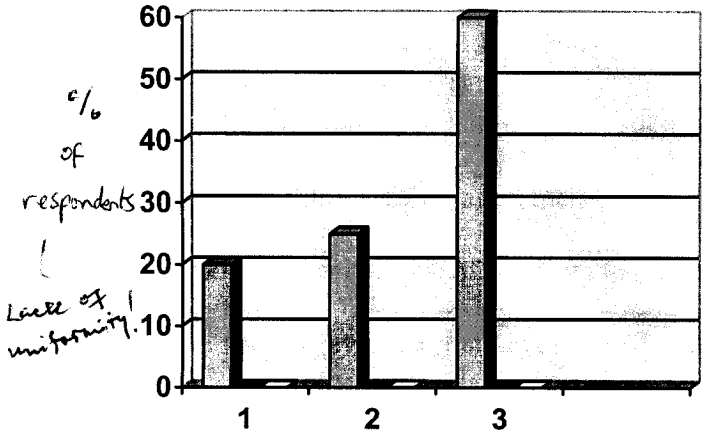
Table 9 Percentages of income spent on food

Percentages of income spent on food	Number of respondent	Percentage of total
1-20	3	5
21-4	8	13.33
41-60	9	15.00
61-80	5	8.33
81-100	7	11.70
>100	**23**	**38.33**
Don't know	**5**	**8.33**
TOTAL	**60**	**99.99**

Type-setting — uniformity

The information in the table implies that most households are restrained from meeting their other needs such as health and education since they can barely afford to meet their daily nutritional needs. This was shown by the number of meals that a household could afford. About 60% of the respondents said they usually had three meals per day although the basic constituents of meals were usually not enough for their nutritional needs. The other 21.7% could only afford two meals a day whilst 18.3% said they could only afford one meal per day.

Diagram 2: Number of Meals per day



Number of meals per day

According to the CSO (1993) in its priority survey of 1991, the national monthly consumption expenditure per household in Lusaka urban averaged K5,962 and the bulk of expenditure comprised food items which accounted for 58 percent. The percentage was slightly higher for low income urban households whose expenditure on food was 60% compared to this, the average expenditure on food for the households in Chilenje (that is, the sampled households), is much higher that is, about 90%.

5.4 THE INTRODUCTION OF USER FEES IN EDUCATION AND ITS' EFFECTS ON THE HOUSEHOLD STATUS.

Evidence?

The introduction of user fees in the education sector has definitely had an impact on the socio-economic status of household. For instance, money that could have been used for other needs in the household such as food has to be channelled towards education of the school-going aged members of households. Access to education mainly depends upon the availability of finances to cover these educational costs.

The survey revealed that access to education among the respondents had reduced since 1991 and this was mainly attributed to the inability of the respondents to meet the costs required. 63.3% of the respondents said they were able to pay school fees for their children in 1991 compared to 33.3% in 2001. However, about six respondents (10%) maintained that they had not been able to pay school fees for their children even in 1991. The figures for those that were unable to pay school fees currently under the system of cost-showing rose to 33 respondents or 55%. However, a number of respondents could not compare their status with regard to educating members of their household either because they did not have children of school going age in 1991 or at present or they did not have any children at all whom they needed to send to school. This is shown in the table below.

Explain

Table 10: **Ability to pay school fees: Comparison between 1991 and 2001.**

Response	Number of Respondents		Percentage	
	1991	2001	1991	2001
Yes(can afford)	38	20	63.3	33.3
No(can't afford)	6	33	10	55
*Not Applicable	16	7	26.7	11.7
TOTAL	**60**	**60**	**100**	**100**

type setting?

(*Not Applicable - for respondents who did not have children of school-going age or had no children at all in their household).

The ability of respondents to pay school fees also depended upon a number of other factors among which are the average income of the household and the number of school-going aged children in the household. The higher the number of children that needed to be sent to school, the higher the amount that was needed to pay for school fees. Most of the respondents also complained that it was getting more costly to educate their children because they were not only required to pay school fees but also needed to buy uniforms and other materials such as books.

what is the average income in the area?

There were a number of instances in which some school going aged children were not in school. Half of the respondents interviewed had at least one or more people in their household who were not in school for a number of different reasons in each case. However, it was found that the most common reason was that of lack of finances and this was the response of 80% of the respondents who had a member out of school. The

remaining 20% had left school for different reasons such as failing an exam or getting pregnant.

5.4.1 Perception of School Fees

Most of the respondents tended to view school fees as a barrier to educating their children. Those that had children in school complained that it was a struggle to pay school fees and therefore had to face the painful decision of withdrawing some of their children from school. It was also mentioned that the school fees were so high that they spent too much on school fees at the expense of other necessities. However, 26.7% of the respondents said that they thought the cost-sharing measures in education were good for the improvement of the education system. They also viewed the fees as being reasonable

what was the range of school fees like

5.5 EFFECTS OF MEDICAL FEES.

The introduction of medical fees in public clinics and hospitals was intended to improve standards in these institutions that were run down due to lack of funding. However, the study revealed that the introduction of medical fees has had far reaching effects on the low income groups of society. A larger percentage of the respondents (65%) said they were not able to afford to acquire medical schemes for the whole family or household. 35% said they could afford to pay the amount of an initial K5 500 plus K1500 per month in order to renew the scheme.

What do you think is wrong with this sentence?

Table 11: **Ownership of schemes.**

Response	Number of Respondents	Percentage of total sample.
Yes(with scheme)	21	35
No(without scheme)	39	65
Total	**60**	**100**

The 39 respondents (65%) who did not have schemes gave a number of reasons for not having a medical scheme. About 43.6% of these said they simply did not have the money to pay for the medical scheme, whilst 23.1% said they only bought a scheme when they were sick but did not maintain the scheme because they could not afford to. Another 4 respondents (10.3%) said they did not see the importance of having a scheme since they were required to buy their own medicine despite paying for the scheme. The rest of the respondents either said they only bought their own medicine rather than go to the local clinic (5.1%); another 5.1% said they only attended private clinics or hospitals where as another 5.1% regarded the acquisition of a medical scheme as a luxury. However, one respondent said he did not go to the clinic when sick because of his religious beliefs.

Most of the respondents, including those that had schemes complained that the present system emphasized the payment of medical fees at the expense of the patient since it was not always that respondents had money to seek medical attention. Therefore,

they only go to the clinic when money is available despite the fact that they needed health services. The health service provision is no longer based on one's health needs, but rather on one's ability to pay for them. Achieving equity of access to health is therefore difficult with medical fees in place since those without the means to pay for the services will not have access to the much needed health services. However, 25% of the sample maintained that they were not affected much by the medical fees compared to 44 respondents or 73.3% who maintained they had reduced access to medical attention since the introduction of medical fees. Only one respondent (1.7%) said he had increased access to medical attention at the local clinic since the introduction of medical fees.

Table 12: **Effects of Medical Fees.**

Response	Number of Respondents	Percentage of total sample.
Not affected	15	25
Reduced access	44	73.3
Increased access	1	1.7
Total	**60**	**100**

was this effect significant?

5.5.1 Respondent's perceptions of Medical Fees and Treatment offered.

Many respondents (83.3%) expressed displeasure at the services provided in relation to the fees that they were required to pay. While the respondents appreciated the intended purpose of medical fees as a cost sharing measure for revenue generation, they wondered why the quality of health services offered in government clinics and hospitals is not improving. They also argued that the fees or charges they were subjected to were

too high for a poor person who could hardly afford a decent diet. The major complaint of these respondents was the lack of availability of drugs in these government institutions. However, ten (10) respondents i.e. 16.7% said that the treatment in these hospitals and clinics is quite efficient and that they were well attended to in these institutions.

6.0 CHAPTER SIX: CONLUSION AND RECOMMENDATIONS.

why didn't this chapter start on the next page?

This chapter summarizes the major findings of the study as well as recommendations of how the people in low income brackets can be helped to sustain their livelihoods in the harsh economic situation.

6.1 DISCUSSION AND CONCLUSION

The study was affected by a number of variables. Firstly, there were certain characteristics of the respondents that had an impact of their socio-economic status, such as the household size and educational attainment of the heads of the households. Households with a small number of members, were found to be relatively better than those with a large number of people especially above 10. Household sizes had also grown slightly since 1991. For instance, whereas there were 8(13.3%) households which had sizes of between 1-3 in 1991, only 3(5%) of the households had this size in 2001. Whereas there were 21.6% of households in 1991, the figure increased slightly to 23.3% in the year 2001. Therefore the fall in the standards of living could be attributed partly to the slight growth in household sizes.

Is this a figure?

Education attainment of respondents also had an impact on their socio-economic status since this was directly linked to occupation. Occupation was also linked to household income. The survey revealed that wage employment had declined from 43.3%

in 1991 to 33.3% in the year 2001. This can be attributed to company liquidations and the laying off of workers from the public service and state corporations. On the other hand, the number of those who were unemployed rose from 35% in 1991 to 38.3% in 2001. The number of household members currently in formal employment also had an impact on the welfare of households. The households with at least two or more members in formal/wage employment were found to be able to cope better with the economic situation.

Is this a significant rise?

The average income of the household can also be linked directly to the employment status of the head of the household and any other members of the household who may be employed. The study found that most of the households were earning an average of less than K200 000 per month. About 26.7% earned K100 000 or less whereas 30% earned an average of between K100 000 and K200 000. Since the consumption of goods and services is dependent on the sum of income available to the household at any given time, it was found that this was not adequate for the households to acquire their daily household needs. For instance, approximately 38.3% of the respondents were found to spend at least more than their monthly incomes on food alone. This meant that they lived in debt in order to sustain their livelihoods.

Pertaining to access to essential needs, 35% said they were able to afford current prices of consumer goods compared to 56.7% in 1991. On the other hand, the percentage of those who could not afford had risen from 43.3% in 1991 to 65% in 2001.

The introduction of user fees in education was found to have negatively affected the socio-economic status of households in Chilenje. It was revealed that the fees pose as a barrier to access ~~to~~ education since most households did not have adequate resources to

send all their children to school. Most of the hardest hit are the large families. In some households children had to be withdrawn from school due to lack of money to pay for school fees. Very few respondents had children who had left school for reasons other than lack of finances.

The health sector was equally affected. The majority of the respondents could hardly afford to buy a medical scheme at the local clinic even when critically ill. Some of the respondents said they much preferred to buy their own medicine rather than go to the clinic because this was considered to be a waste of money. This was attributed to the poor services offered at the local public clinic as well as the University Teaching Hospital.

What considered as a waste of money here?

Based on these findings, it can therefore be concluded that the policy reforms brought about by SAP have affected all sectors of the economy, therefore having an impact on the people especially those in low income brackets. The standard of living of these people continue to decline as prices rise due to decontrol of prices and reductions in subsidies. This situation is worsened as the incomes of individuals continue to dwindle due to wage freezes, and lay-offs from public service and state corporations. The cost sharing mechanisms, such as school fees and health fees also tend to worsen the situation.

6.2 RECOMMENDATIONS

The following recommendations were made in line with the findings of the study:-

1. Government policies are often experienced differently by different groups in

society. Poverty has struck hardest and deepest at those in the country who have the least choice. It is therefore important to consider how implementation can be done equitably. In education this could be done by identifying those who are unable to pay the fees and offer them some kind of scholarship on the basis of poverty, merit. Health care should not only be restricted to those who can afford the fees but also to those who are unable to pay this fee especially if critically ill.

2. There is a need to introduce awareness campaigns in these areas such as Chilenje to sensitise people about the importance of handwork. There, is a serious need for people to move from a mentality of dependence on government to independence in order to develop. These people can be given self-improvement skills that can help them to more from survival to success. This can be done by both NGO's and government.

3. People who are involved in small scale enterprises should be encouraged by government through providing loans.

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APPENDIX I

INTERVIEW SCHEDULE

SECTION A: BASIC AND BCKGROUND INFORMATION

1. Sex: M[ ] F[ ]

2. How old are you? _____

3. What is your marital status?

   A. Single

   B. Married

   C. Divorced

   D. Widowed

   E. Separated

4. How many children do you have?

5. What is your highest educational attainment?

   A. No education

   B. Primary

   C. Secondary

   D. Tertiary (i.e. College or University)

   E. Other (Specify)

6. What is your current occupation? _____

7. State the number of people currently living in your household.

8. How many of your household members are currently in formal employment?

9. What is the average income of your household per month? K _____

10. What was your occupation in 1991?

11. a) Are you still in the same employment?

Yes[ ] No[ ]

b) If not, explain why you left your last employment _____

SECTION B: INFORMATION ON BASIC NECESSITIES.

12. a) With your household income, are you able to afford essential commodities or basic necessities for your household?

Yes [ ] No[ ] follow up question needed.

b) Were you able to afford essential commodities in 1991?

Yes [ ] No[ ]

13. a) If 'Yes' to question 12(a), are you able to save some money for future use?

Yes [ ] No[ ]

b) Were you able to save money from your occupation in 1991?

Yes [ ] No[ ]

14. How much do you spend monthly on:-

A) Food _____

B) Clothing _____

C) Others- (Specify)_____

15. How many meals does your household have per day? _____

16. What does your household have for:-

A) Breakfast _____

B) Lunch _____

C) Supper _____

SECTION C: INFORMATION ON EDUCATION MEMBERS OF THE HOUSEHOLD

17. How many members were there in your household in 1991? _____

18. Were you able to pay school fees for your household in 1991?

19. Explain the reason for your answer to question 18 _____

_____

20. How many of your house hold members are currently in school?

21. How many members of your household are supposed to be in school?

what statistical tests would be used if good data were collected?

22. Why are some of your household members not in school? _____

_____

23. Are you able to afford to pay school fees for each one of the school - going aged children in your household?

Yes [ ] No[ ]

24. How much do you spend (in total) per term on education for all the members of your household?

SECTIN D: INFORMATION ON THE HEALTH OF THE HOUSEHOLD

25. Are you a member of any medical scheme?

Yes [ ] No[ ]

26. If you are not a member of any medical scheme, give reasons for this

_____

27. If your answer to question 25 is Yes, how much money do you contribute towards the medical scheme for your household per month?

_____