How to Survive in Zimbabwe

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According to a 2019 Research by Expatistan (expatistan.com), a family of four estimated monthly costs: $5,083, Single person estimated monthly costs: $2,253. Zimbabwe is the most expensive country in Africa (#1 out of 12). The cost of living in Zimbabwe is more expensive than in 94% of countries in the World (7 out of 102). Harare is the most expensive city in Africa (1 out of 15). To get more about the *cost of living in Zimbabwe* check The Real-time Cost of living tracker here. Many households find it very hard to survive in this economy. Here are some of the tips on how to survive in such a harsh *economic environment*.

Keep the money flowing in

If you have a job, be an amazing employee. Now is not the time to slack. Show up early, stay late, and volunteer for projects. With the *current situation*, employers have high bargaining power because the job market is flooded and some companies resort to *downsizing* and *organizational restructuring* so employees' lay off is likely to happen. Start networking so that in case you still get laid off, you have a safety net of contacts who might be able to help. If you do not have a job, find other ways to make money fast. Consider volunteering, if you have spare time, there are organizations that will need your help, and you could establish a good relationship in your community.

Start Living Frugally

The first step to getting control of your money is to look at the things you purchase each week, making a list of each and every item (food, beverages, etc.), and then crossing out everything that you could actually survive without. You need to start thinking frugally and should consider new ways to bring in more income. You also need to be willing to make a few sacrifices. There are some measures that you can use to make sure you stay frugal as follows.

a. Be price sensitive. Price sensitivity is the degree to which demand changes when the cost of a product or service changes. Price sensitivity is commonly measured using the price elasticity of demand, which states that some consumers will not pay more ceteris paribus. Currently, *tertiary education* is the cheapest service in Zimbabwe so if you have any money to spare, go for education or sponsor someone who is willing to further education and get your money back when things settle. In this case, both parties have benefited. Currently, the average tuition for *undergraduate programs* at *State Universities* is RTGS $500. If this is converted to US dollars at the parallel market rate is around US$25. This is the right time to invest in education.

b. Minimize/ Stop Going Out. There is life outside of the social scene, the weekend bars and nightclubs or *restaurant* outings that drain wallets every weekend. So how do you redirect the energy that drives you every week to head to the bars or casinos with your friends? Choosing a new hobby is a great way to redirect this energy. Fitness, for example, and the many reasons to be fit.

c. Consider relocation. It is always wise to stay closer to your workplace considering commuting costs ceteris paribus. Depending on the rentals and *cost of living* in the area you live and the area you work, you need to conduct a *cost-benefit analysis*. If it is worth it then you need to relocate. Some people are currently staying in some areas just because they have been there for years. They do not want to relocate even if their rentals are taking up to one-third of their monthly incomes. Normally general prices are high in low-density suburbs.

d. Negotiate Lower Payments With Creditors. During an *economic recession*, be upfront with your creditors, letting them know about how little you have to work with, and how bleak things are at home presently. Be honest and sincere, and patient, with whatever customer service representatives you have on the phone. Request a lower monthly payment.

Live Within Your Means

a. Create a budget based on your income. A budget based on your income is an effective way to manage your money. Instead of basing your budget on your past spending habits, which perpetuates the same patterns, build your budget by allocating every dollar you make to a specific line item in your budget. This method will keep you from spending more than you make. It will also help you to prioritize your expenses.

Firstly, determine your *disposable income* (money after-tax). This is the amount of your paycheck each time you get paid. Next, use the 50-30-20 to break down your expenses. Using this method, 50 percent of your income should go towards your needs, such as your mortgage, transportation, utilities, and groceries. Next, 30 percent should be dedicated to your wants, such as eating out or entertainment. Finally, 20 percent of your income should go towards savings and getting out of debt. If you are to reallocate the start to destroy the 30% (wants). As you create your budget, it will become clear to you that you may need to reduce spending in some areas, and you may need to focus on getting out of debt in order to become financially stable.

b. Minimize spending on non-essentials. Look for areas where you can cut spending in order to be able to save more and to get out of debt. Some of these changes will be easy to implement, while others might involve bigger sacrifices. However, as you make these changes, you will begin to find that you can spend less than you earn and live within your means. Cut *transportation costs* by using public transportation or carpooling. Save on energy bills by using energy-saving light bulbs, lowering the temperature on your hot water heater, programming your thermostat to run less when nobody is home, and air sealing your home.

Reduce your spending on entertainment by getting rid of gym memberships, reducing or eliminating cable television and canceling newspaper and magazine subscriptions. Save money on food by opting for home-cooked meals over take-out, buying non-perishable items in bulk, using coupons, purchasing generic instead of brand-name items and starting a garden. Other ways to save money include getting a cheaper cell phone plan, spending less on clothing and grooming and *quit smoking or drinking*.

Develop multiple income streams

By having money coming in from multiple sources, entrepreneurs can make sure the money never stops rolling in. If you are tired of getting a single paycheck every month, now is the perfect time to pursue multiple *income streams* of your own. Whether you want to become an entrepreneur or not, having more than one income stream is always a good idea. Maybe you need extra money to pay down debt. Whatever your goals, having more money can help you get there faster. In addition, who knows? Your side hustle may even become your *full-time job* one day.

Stay Debt-free

Your first effort though should be to avoid taking on new debt. No loans. No credit lines. So a "*cash advance*" is the last resort option, use it only in a time of real emergency, for example, you're about to lose your home or apartment or sole vehicle.

Gather your most recent statements from all your loans and credit cards and make a list of all of your debts. Include the name of the creditor, the interest rate, the balance, and the monthly *minimum payment*. Once you know how much you owe, make a plan to reduce your interest rates and pay off your debt.

Decide which debt you want to pay off first. Some people choose to pay off the debt with the highest rate first. This makes the most financial sense over the long term. However, another strategy is to build momentum by paying off the smallest balances first. Choose whichever option works best for you. Divert as much of your income as possible to the target debt while continuing to make minimum payments on all of your other debts. Once you pay off your first target debt, focus on another account. Continue in this manner until all of your consumer debt is paid off.

Keep saving

Your Marginal Propensity to Save (MPS) can define your success and minimizes risks of being bankruptcy as opposed to your Marginal Propensity to Consume (MPC). You can save in-form of cash and kind (normally those goods that can be converted to liquid money easily). When you come out of the recession, you will be glad you kept up with saving and your accounts will reflect the interest you have earned during that time.

In addition, putting money into the *stock market* during a recession can be a wise move. If you buy stock in reputable companies when prices are low, you stand to gain a lot of money when they come back up out of the recession.

a. **Save an emergency fund.** An *emergency fund* is a stockpile of money that you can use to pay for unexpected emergencies. For example, you can use it to pay for an unexpected home or auto repair or to cover expenses if you lose your job or become sick or injured. An *emergency fund* saves you from having to go into debt when these unexpected expenses arise. Set up a savings account that is separate from your checking account to make you less likely to spend it. Continue saving until you have saved up several months’ worth of income.

b. Maintain a retirement savings account. You do not know what tomorrow holds, you need to make sure you are safe if you things get worse. While your employer *retirement account* should only be a portion of your retirement plan, it is an important part. If your employer offers a retirement account with a matching contribution, contribute as much as you are able up to the maximum contribution.

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