

March BNNB Statement

7th April, 2022

THE INCREASING COST OF LIVING INJURING THE POOR

The cost of living for a family of five living in Lusaka as measured by the Jesuit Centre for Theological Reflection (JCTR) Basic Needs and Nutrition Basket (BNNB) in the month of March 2022 stood at K9, 411.50. This is a K106.12 increase from K9, 305.38 recorded in February 2022. Overall, total food cost increased by a larger margin than non-food cost. Total food costs stood at K3, 738.04 from K3, 648.92, an K89.12 increase. The upward movement in the basket is attributed to increased prices of items such as two 25kg bags of roller mealie meal which went up by K70.36 from K205.64 (K102.82/per bag) to K276.00 (K138/per bag), 1kg of Kapenta also went up by K40.41 from K249.52 to K290.00, 40kg of vegetables also went up by K14.05 from K566.41 to K580.49. Additionally, the basket also recorded increases in the price of 3.6 litres of cooking oil which went up by K6.00 from K159.63 to K165.00. However, the basket recorded decreases in 4kg of onion in view of increased domestic supply of the commodity moving from K118.20 (29.55/kg) to K100 (K25/kg), 14kg of other fruits which reduced by K36.66 from K399.66 (28.55/kg) to K364.00 (26.00/kg). 1 kg cassava flour also reduced from K146.43 from K22.94 to K137.61, a reduction of K8.82.

JCTR notes that the increase in the cost of living for the month of March was on account of key causal factors. Specifically, total food costs continue to increase due to; seasonality (lean food season) and the increment in the fuel pump price recorded between December 2021 and March 2022. Additionally, the price of cooking oil continues to rise likely due to two factors. The lifting of the temporal suspension of import duty on edible oils (25percentof the value of imported edible oils) is one while the surge in the international prices of crude edible oil (this is a key input in local production) given the Ukraine-Russia conflict is another. The two countries ship more than 75% of global exports of sunflower oil. This has consequently seen prices of palm and soybean oil (the two most used oils) increase to a record high¹.

JCTR remains concerned, that the consistent rise in the cost of living will inevitably hit hard on the majority of the Zambian people given high poverty levels pegged at over 54 percent and very low incomes. Average national incomes rose to K4391 as established by the 2020 Labour Force Survey, a smaller margin compared to the rise in the cost of living. What is worse is that the rising cost of living is expected to continue upwards as international fuel prices surge upwards in view of the Ukraine-Russia conflict. Even with the Constituency Development Fund, social protection interventions, payment of various arrears and employment interventions, the rising cost of living means that these measures may not be enough to cushion households as families will face increased hurdles to meet their most basic needs.

Realising the impact of the high cost of living on vulnerable and marginalised groups like women, the aged, people with disabilities, children, the unemployed and the poor, certain moral imperatives become clear for the Government and other stakeholders. The need to seriously consider the preferential option for the poor, the vulnerable and the marginalised in policy formulation and

¹ Read more at:

https://economictimes.indiatimes.com/industry/cons-products/food/record-cooking-oils-are-latest-threat-to-surg-ing-food-inflation/articleshow/89984904.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

implementation evident. The Government in particular must be in solidarity with these vulnerable groups and develop pro-poor policies, which will enable the progressive realisation and accessibility of rights like education, health care, nutrition, water, and a healthy environment.

JCTR wishes to submit the following recommendations:

1. Firstly, we urge those who are better off to stand in solidarity with those who are poor and marginalised in our families and communities. This can be done by providing as much support (charity as well as empowerment) to enable the vulnerable household cope with the cost of living.
2. Secondly, we call on government to sustain enhancement of irrigation support (for various crops) as a critical step to addressing the seasonality challenge that compromises food security due to dependence on rain fed agriculture.
3. We continue to urge government through the ERB to revert to 90 day pump price review cycles as opposed to 30 day review cycles to aid in stabilizing the pump price of fuel.
4. We do commend government for postponing the planned increase in electricity tariffs that was set for March 2022. We therefore, recommend that the increase in electricity tariffs remain postponed as a cushioning measure. Zambians are already facing significant challenges given the rising cost of living. Increasing electricity tariffs now would further negatively impact on the cost of living.
5. Lastly, we call on government to consider temporary suspension of import duty on edible crude oils to cushion cooking oil production and contribute to lower cooking oil prices.

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