

Press Release

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RISING COST OF LIVING UNDERSCORES THE NEED FOR ROBUST SOLUTIONS IF THE NATION IS TO SEE ITS DEVELOPMENT AGENDA DELIVER FOR EACH ZAMBIAN

The cost of living as measured by the Jesuit Centre for Theological Reflection (JCTR) Basic Needs and Nutrition Basket for Lusaka stood at K9, 049.25 for the month of January 2022, a K689.45 increase in comparison to the December, 2021 basket that stood at K8, 359.80. This signifies an 8.24percent increase in the cost of living between December 2021 and January 2022.

The upward movement in the basket is attributed to increased prices in selected items. The non-food but essential items section in particular moved from K5, 240.04 to K5, 627.50, a K387.46 increase. This was on account of an increase in the estimated cost of a three bedroom house in a medium density area from K3, 490 to K3, 820. Total food cost also increased though by a smaller margin to K3, 421.79 from K3, 118.17, a K303.62 increase. Specifically, a K21.71 increase in the price of two 25Kg bags of mealie meal (Roller) from K198.57 to K220.14 was noted. 3.6 litres of cooking oil moved from K153.05 to K166.63, a K17.67 increase. Additionally, 3 trays of eggs recorded a price increase of K13.58 from K159.00 to K176.57 and 16Kg of other fruits also moved up from K159.94 to K200.28, a K40.34 increment. Price decreases were however recorded in some items such as 1Kg pounded groundnuts which reduced by K3.86 from K34.30 to K30.44. 6 Kg of cassava flour also moved from K108.79 to K156.59, a K47.8 decrease.

Price increases in selected commodities is attributed to a number of factors. The upward adjustment in the fuel pump prices has continued to register an impact on the cost of living. The cost of other fruits also increased as the locally produced fruit; mango becomes scarcer on the market. Inflation also continues to affect the cost living. Additionally, the first quarter of the year is a lean season due to farming activities and food prices tend to go up.

In reflecting on the January 2022 cost of living, JCTR reiterates the following:

1. There is a need for a sustained stabilisation of key macroeconomic fundamentals such as the exchange rate as this is critical in stabilising the business environment. Following the country's migration to a monthly pricing cycle for fuel prices, local fuel prices will remain more responsive to changes in market fundamentals. The need to stabilise variables such as the exchange rate is therefore critical if the rise in the cost of living is to be stemmed. The government through the Bank of Zambia must remain on the lookout. The Kwacha has dropped from trading at about K16 to a US\$1 in August 2021 to trading at about K18 to a US\$1 at the beginning of February in 2022.
2. There is a need to actualize a robust, poverty eradication and development driven agriculture support programme that will support the nation's vision to be a prosperous middle income

nation by 2030. Seasonality and rain fed agriculture impacts on food prices continue to undermine the nation's agriculture development efforts.

3. Government must ensure that the implementation of progressive policies such as the free education policy is engineered to achieve the intended objectives and ensure that these services are accessed by those who need them the most.

One of the key issues relating to the cost of living in Zambia in January 2022 is the implementation of the free education policy. In the short term, the free education policy does aid in providing a cushion to households in so far as meeting household basic needs is concerned. In the long term, abolishment of school fees in all public schools with effect January 2022 is a step in the right direction in reducing the inequality gap that has plagued Zambia for many years. Inequality in education continues to condemn the poor to a vicious cycle of poverty. It is a known fact that in Zambia, alongside poverty, is the high levels of inequality which impede achievement of national goals for long term and inclusive national development.

Additionally, the quality of education that will be delivered in view of increased number of pupils and increased workload for teachers should be a key focus in the implementation of the free education policy. The construction of the 120 secondary schools and the recruitment of the 30,000 teachers is commendable. However, the Government through the Teaching Service Commission needs to address the issue of increased workload for teachers by quickly recruiting the earmarked 30000 teachers as this is crucial in enhancing the nation's education outcomes.

Finally, as the new administration continues to implement various policies in 2022, JCTR urges the Government to find workable solutions to addressing the rising cost of living if the nation is to see its development agenda deliver for each Zambian especially for the poor and the vulnerable.

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