PRICE ADJUSTMENTS ADVERSELY AFFECT POOR HOUSEHOLDS

The Basic Needs and Nutrition Basket (BNNB) for Lusaka at the end of 2019 stood at K6, 620.73 in December and this is expected to rise even further following the recent upward adjustments in prices of electricity tariffs and fuel pump prices.

This is according to the latest Jesuit Centre for Theological Reflection (JCTR) Basic Needs and Nutritional Basket.

In its 2019 review of the social and economic performance for Zambia, JCTR says unfortunately the year under review ended with an upward adjustment of electricity tariffs and pump prices of fuel and this would increase the cost of living in 2020 that will negatively hurt a majority citizenry especially already poor households.

Between January and June, the cost of living remained relatively stable with minimal variations but the second half of the year experienced price shocks largely due to ZESCO prolonged load shedding of up to 15 hours introduced in June, depreciation of the kwacha, increase in fuel pump price in September and reduced productivity in the agriculture sector.

The prolonged load shedding had a negative impact on business and small to medium enterprises who were forced to invest in alternative sources of energy such as gen sets and inevitably pushing up the cost of production and ultimately upward adjustments to prices of essential commodities such as on mealie meal, eggs and chickens.

According to JCTR, the reduced productivity coupled with debt obligation payments negatively affected the performance of the Kwacha against other convertible currencies such as the US Dollar causing a rise in the cost of goods and services.
In the year under review, the annual inflation rate remained within the set parameters of between six and eight percent through to April though starting in May, rising inflationary pressures were experienced with a record high of 11.7% recorded in December.

This was caused by higher food prices such as mealie meal which cost K160 for a 25kg bag of breakfast in most parts of the country in the third and fourth quarter of the year.

Lack of a steady supply of power caused by prolonged dry spells of 2018/19 rainy season affected the national economy as most agricultural activities in the country rely on rain.

In view of the latest upward adjustments in electricity tariffs and pump prices, JCTR foresees more increases in the prices of basic household needs.

JCTR says “given the effects that climate change has had on the country’s capability to generate adequate electricity and to have adequate food security, the Government should implement climate adaptive measures to ensure sustainable food security. The Government should also invest in other forms of energy generation such as solar so as to reduce dependency on hydro-power. Such measures would certainly assist to cushion the standard of living for the poor, marginalised and vulnerable.”

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