



BNNB Statement

12th December, 2022.

2022 YEAR END COST OF LIVING REFLECTION

The cost of living for a family of five as measured by the Jesuit Centre for Theological Reflection (JCTR) Basic Needs and Nutrition Basket (BNNB) for the month of November 2022 in Lusaka stood at K8, 567.20. This reflects a K29.42 increase from the K8, 537.78 recorded in October, 2022. The upward movement in the basket is attributed to increased prices in items such as 1kg kapenta which went up by K61.77 from K197.65 (197.65/kg) to K259.42 (K259.42/kg), 6kg tomato which went up by K52.56 from K57.51 (K9.59/kg) to K110.07 (18.34/kg) and 40kg of vegetables which went up by K27.22 from K417.58 (K417.58/40kg) to K444.80 (444.80/40kg). The basket, however, recorded notable decreases in food items such as 2 bags of 25kg Mealie Meal (Roller) went down by K29.31 from K232.80 (K116.40/25 kg) to K203.49 (101.74/25kg) and 3.6litres of cooking oil which went down by K21.39 from K167.76 (K116.50/2.5lt) to K146.37 (101.64/2.5lt). Further, other fruits also went down by K123.55 from K257.17 (K18.37/ kg) to K133.62 (K9.54/kg).

The JCTR notes that overall, the month of October did not register a significant change in the cost of living. This is because most items in the food and non-food sections of the basket have not changed significantly as a result of the inflation rate's stability. The inflation rate increased by only 0.1 percentage points from 9.7 percent in October 2022 to 9.8 percent in November 2022. In reflecting further, the JCTR notes that increases in petroleum products influenced the basket increase to a small extent.

While the cost of living has shown a level of stability in recent months, it still remains high. The average Lusaka basket, as measured through the year, stands at K8, 727.61. Furthermore, in 2022, JCTR undertook a Satellite Home Survey¹ (SHS) to establish the ability of households to afford goods and services. The findings of the Survey revealed that 85.6 percent of households, of between 4 to 6 members in size, have an average income of K3, 000 or less, 13.6 percent earn between K3, 001 and K8, 000, and only 0.8 percent earn more than K8, 000. Moreover, the cost of living for an average family of five, as surveyed by the JCTR BNNB, stands way above the national average incomes pegged at K4, 393 according to the 2020 Labour Force Survey. The gap between the prevailing cost of living and incomes means that families are unable to meet the cost of the most basic essentials, which results in compromised living conditions and sustains a vicious cycle of poverty in families and in the nation. The teachings of the church highlight that it is important that all families are provided a just wage that is sufficient for establishing and properly maintaining a family and providing for the security of its future.

¹ JCTR Satellite Home Survey research is conducted annually for 240 households in selected high density areas of Lusaka (Chainda, Kalingalinga, Garden, Kamanga, Kanyama and Ng'ombe)

The JCTR also recognises the importance of food items in influencing the cost of living and achieving nutritional outcomes, and thus advocates for increased support to the agricultural sector. It must be acknowledged that the Government has scaled up budgetary allocations to the Farmer Input Support Program (FISP) in 2023. To that end, K9.1 billion has been allocated for the year (the highest since 2019), reflecting an increase of about 2.4 percent compared to the 2022 allocation. While this is indeed commendable, JCTR remains concerned about the delay in procurement of farming inputs for the 2022/2023 farming season. FISP is crucial to the promotion of food security. As a result, delays in the delivery of farming inputs may have a negative impact on crop yields for the season in question, ultimately leading to food shortages.

Food prices in Zambia have proven to have a strong influence on inflation over the years, and thus potential food shortages may cause a rise in the cost of living. Compounded by the impact of the war in Ukraine on Zambian food prices, the most vulnerable people in the nation stand to bear the brunt of the country's high cost of living. This has both short and long-term socio-economic implications. This is because the spending power will be more skewed towards food at the expense of other critical needs such as health, education and even insurance. Agriculture as a sector employs nearly 70 percent of the available labour force in Zambia and is the principal income earner for people living in the rural areas. Given the aforementioned circumstances, incomes of small scale farmers remain threatened while poverty rates may arise.

In light of foregoing, the JCTR recommends the following measures as the year comes to close:

1. Government must prioritise the expedition of procurement and delivery of input to farmers to limit the risk of low agricultural production which could threaten food security.
2. Government must ensure that the FISP comprehensive support programme process is transparent to prevent politicisation, corruption, favouritism and/or exclusion of some beneficiaries.
3. Government in pursuit of agricultural mechanisation needs to ensure predictability in the business environment. While the intention of ensuring cost reflective fuel pump prices is progressive, the level of uncertainty has the potential to prevent private actors from investing heavily in the sector.
4. Zambia Revenue Authority must continue to upscale monitoring and awareness interventions to limit tax evasion and drive compliance. This is important in reducing the tax arrears reported in the Auditor General's 2021 report. The collected tax revenue can be further allocated to the agriculture sector to reach more small scale farmers.
5. Government must enhance financial inclusion especially for rural farmers to ensure disaster preparedness and better access to farming inputs.
6. Government must keep implementing pro-poor policies to ensure the most vulnerable people in Zambia are cushioned from the high cost of living.

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