



Republic of Zambia

The Monthly

Central Statistical Office

Volume 33

Website: www.zamstats.gov.zm

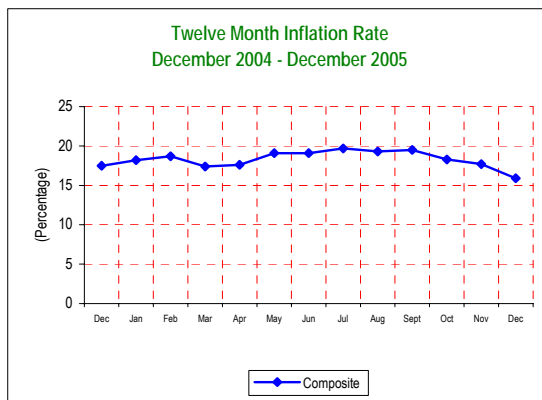
December, 2005

Economic Indicators

December Inflation records a sharp decline!

The annual rate of inflation, as measured by the all items Consumer Price Index (CPI), was recorded at 15.9 percent as at December 2005. This rate is 1.3 percentage points lower than the November rate of 17.2 percent. Compared with December 2004, the annual rate of inflation declined by 1.6 percentage points, from 17.5 percent in December 2004 to 15.9 percent in December 2005.

This means that prices as measured by the all items Consumer Price Index (CPI) increased by an average of 15.9 percent between December 2004 and December 2005.



Source: CSO, Consumer Price Index, December 2005

Contributions of different Items to Overall Inflation

The decline of 1.3 percentage points in the rate of inflation is largely accounted for by the fall in the cost of fuel, air fares and new motor vehicles (0.7

of a percentage point), food and beverages (0.3 of a percentage point), Rent and household energy (0.2 of a percentage point), other goods and services (0.1 of a percentage point).

Furthermore, of the total 15.9 percent annual inflation in December 2005, increases in food prices accounted for 9.3 percentage points, while non-food items accounted for 6.6 percentage points in the Consumer Price Index (CPI)

Items	Percentage Points Contributions of different items to overall inflation											
	Jan 05	Feb 05	Mar 05	Apr 05	May 05	Jun 05	Jul 05	Aug 05	Sep 05	Oct 05	Nov 05	Dec 05
Food Beverages and Tobacco	9.6	9.8	8.6	9.6	10.1	10.1	9.8	10.7	10.8	9.9	9.6	9.3
Clothing and Footwear	1.3	1.2	1.1	1.0	1.0	1.1	1.0	1.1	1.1	1.2	1.1	1.1
Rent and household energy	1.8	2.2	2.1	2.5	2.4	2.7	2.8	2.8	2.8	2.9	2.8	2.6
Furniture and Household Goods	2.0	2.0	2.0	2.0	1.9	1.9	2.0	1.8	2.0	2.0	1.8	1.8
Medical Care	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Transport (fuel, airfares, new motor vehicles)	1.9	1.9	2.0	1.9	2.1	1.8	1.5	1.3	1.3	0.8	0.4	-0.3
Recreation and Education	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Other Goods and Services	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.4
All Items	18.2	18.7	17.4	18.6	19.1	19.2	18.7	19.3	19.5	18.3	17.2	15.9

Source: CSO, Consumer Price Index, December 2005

Exchange Rate influences December Inflation

Annual food inflation was recorded at 17.5 percent as at December 2005, declining by 0.8 of a percentage point on the November rate of 18.3 percent. Measured on month-to-month basis, the rate of inflation was 2.4 percent. Contributing most to this increase were rises in the cost of maize meal, maize grain, fresh vegetables, dried beans, shelled ground nuts, irish and sweet potatoes. Price declines were however recorded for meat, chicken, cereals and kapenta.

Your Monthly Food Basket

The food basket as at December 2005 was **K719,473** for a family of six. The same family on average was expected to live on **K1,033,153** for all their food & basic needs.

Serving Your Data Needs

Annual non-food inflation rate fell to 14.0 percent in December 2005, from 16.1 percent in November 2005. A fall in the cost of fuel, airfares, new motor vehicles, household fuel, and hotel accommodation was mainly as a result of the appreciation of the kwacha.

Non-food prices decline

A comparison of prices between November and December 2005, shows that the national average price of 1litre of petrol declined by 4.1 percent from K6,287 in November to K6,028 in December 2005. The cost of domestic airfares from Lusaka to Ndola decreased by 17.6 percent, from K531,250 in November to K437,500 in December 2005. The same percentage decline was recorded in the international air travel between Lusaka and London one way on British Airways economy class.

Furthermore, the cost of hotel accommodation (3-5 star) for one person/per night declined by 22.1 percent.

National Average Prices (Kwacha) for Selected Products and Months

Product Description	2005												Percentage Changes	
	January	February	March	April	May	June	July	August	September	October	November	December	Dec/Jan	Dec/Nov
White breakfast 25Kg	34,679	35,826	35,704	35760	35885	36443	36780	38363	40557	41813	42460	43461	25.3	2.4
White Roller 25Kg	27,156	28,365	28,282	28497	28393	27966	28668	30281	31898	33608	34576	35643	31.3	3.1
White Maize 20 litre tin	14,055	15,377	15,853	14146	12892	13272	13766	15197	16404	17610	19060	20698	47.3	8.6
Rice Local 1 Kg	3,548	3,504	3,594	3621	3767	3661	3725	3820	3916	3944	3869	3768	6.2	-2.6
Millet 5 litre tin	4,605	4,571	4,741	5065	4873	4806	5016	4653	4784	5322	5776	6162	33.8	6.7
Fillet Steak 1 Kg	19,636	19,792	20,353	20277	20205	20416	20533	20385	20759	20568	21293	21034	7.1	-1.2
Mixed Cut 1 Kg	13,540	13,243	13,220	13384	13203	13272	13007	13012	13097	12935	12784	12591	-7.0	-1.5
Beef Sausages 1 Kg	16,439	16,432	16,462	16683	16466	16697	16990	17102	17553	17188	17389	16152	-1.7	-7.1
Offals 1 Kg	8,410	8,518	8,484	8594	8389	8227	8315	8413	8610	8552	8756	8405	-0.1	-4.0
Dressed chicken 1 Kg	13,575	13,535	13,177	13172	12997	12434	11924	13439	12857	13444	13562	12999	-4.2	-4.2
Dried Kapenta Mpulungu 1Kg	32,312	32,913	32,522	30591	33130	32670	32670	35735	33539	33202	33551	33489	3.6	-0.2
Dried Kapenta Siavonga 1 Kg	32,373	32,931	34,412	34606	34228	34566	34589	36052	34008	33692	31446	30887	-4.6	-1.8
Dried bream 1 Kg	26,842	26,894	24,935	25041	22471	24053	24753	24431	25296	24233	22283	23400	-12.8	5.0
Eggs 1 Unit	5,939	6,086	6,086	5906	5810	5888	5916	6011	5961	5949	5875	5810	-2.2	-1.1
Cabbage 1kg	1,251	1,229	1,226	1280	1339	1286	1381	1224	1269	1219	1259	1507	20.5	19.7
Onion 1kg	3,379	3,652	4,430	4628	5314	5266	5258	4870	4542	4199	3806	3827	13.3	0.6
Tomatoes 1kg	2,575	2,878	2,184	2445	2648	2664	2710	2511	2520	2439	2635	2763	7.3	4.9
Rape 1kg	2,324	1,844	1,798	2002	1840	1944	1725	1633	1414	1458	1724	2128	-8.4	23.4
Dried beans 1kg	5,043	4,968	4,927	5362	5337	5007	5213	5134	5485	5330	5547	6203	23.0	11.8
Irish potatoes 1kg	2,930	2,656	2,551	2611	2530	2742	2874	3344	3019	2736	2801	3121	6.5	11.4
Paraffin 1 litre	3,798	3,488	3,615	3819	4147	4193	4101	4270	4289	4274	4304	4266	12.3	-0.9
Petrol Premium 1 litre	5,300	4,896	5,186	5619	5856	5714	5561	5856	6082	6335	6287	6028	13.7	-4.1
Diesel 1 litre	4,824	4,500	4,590	4749	5099	5069	5005	5408	5793	5732	5727	5659	17.3	-1.2
Air fare Lusaka/London British Airways 1 Way Economy	3,348,000	3,287,250	3,287,250	3,264,330	3,634,280	4,090,660	4,013,800	4,013,800	4,013,800	4,035,960	3,863,250	3,181,500	-5.0	-17.6
Air Fare Lusaka/Kitwe Roan Air 1 way Economy	644,800	639,600	633,100	618,800	626,600	622,700	611,000	587,500	587,500	555,000	531,250	437,500	-32.1	-17.6
Bed & continental Breakfast 3 to 5 star Hotel	485,686	484,232	476,840	532,809	552,335	543,553	599,849	599,351	620,874	617,842	620,213	483,029	-0.5	-22.1
Bed & Continental Breakfast 2 star Down to Motel	86,820	88,978	90,161	91,019	94,515	93,796	118,627	120,772	122,833	123,218	100,301	98,548	13.5	-1.7
Nshima with Beef 2 Star Down to Motel	19,641	19,566	19,751	19,697	19,487	19,628	20,441	21,112	21,311	21,267	20,497	20,341	3.6	-0.8

International Trade

Trade Deficit improves in November 2005

Zambia's total value of imports in November was K 874.1 Billion compared to K1,531.9 Billion in October 2005. This represents a notable decrease of almost 43 percent. Receipts from exports earnings declined from K 688.1 Billion in October 2005 to K677.1 Billion in November 2005 representing almost 2 percent marginal decrease. The sharp decline in expenditure on imports and the marginal decline in revenue from exports between October and November 2005 resulted in a significant improvement in the country's trade deficit. The trade balance decreased from K843.8 Billion in October to K197.0 Billion in November 2005.

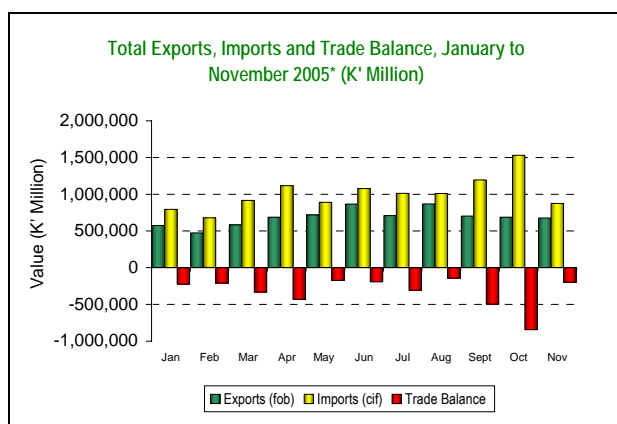
Domestic exports accounted for a larger share of about 99 percent in the total revenue from exports in both October and November 2005, while re-exports accounted for the remaining share of 1 percent.

Summary of Trade Statistics January to November, 2005, (K' Million)

	Imports(CIF)	Domestic Exports	Re-Exports (FOB)	Total Exports (FOB)	Trade-Balance
January	795,116	567,743	5,431	573,174	(221,942)
February	680,789	472,557	274	472,831	(207,958)
March	916,566	583,162	397	583,559	(330,007)
April	1,117,947	674,749	14,415	689,164	(428,783)
May	891,568	703,860	14,773	718,633	(172,935)
June	1,077,580	865,589	700	866,289	(191,291)
July	1,014,218	705,015	3,149	708,164	(306,054)
August	1,008,774	864,784	2,973	867,757	(141,017)
September	1,195,897	700,646	1,669	702,315	(493,582)
October	1,531,897	687,488	594	688,082	(843,815)
November*	874,070	676,231	843	677,074	(196,996)

Source: International Trade Statistics, CSO

*Preliminary



Source: International Trade Statistics, CSO

*Preliminary

Exports

The contributing factor to the decrease in the total value of exports was the drop in revenue from crude materials (excluding fuels), beverages and tobacco, chemicals and also from mineral fuels, lubricants and related materials. The major commodities include cotton, cut flowers, cobalt concentrates and soaps. These commodities had a share of 6 percent in total value of exports in October compared to about 4 percent in November 2005. However, manufactured goods classified chiefly by material (mainly refined copper) remained the major export commodity in October and November 2005.

Total Exports by Standard International Trade Classification (SITC), October and November 2005, (K' Million)

Section	Description	Oct-05	Nov-05*	% Change
0	Food and live animals	60,322	60,951	1.0
1	Beverages and tobacco	22,380	17,191	(23.2)
2	Crude materials, (excl fuels)	97,100	85,803	(11.6)
3	Mineral fuels, lubricants and related materials	2,559	1,932	(24.5)
4	Animal and vegetable oils, fats and waxes	141	135	(4.3)
5	Chemicals	6,692	4,992	(25.4)
6	Manufactured goods classified chiefly by material	482,164	483,836	0.3
7	Machinery and transport equipment	10,106	18,028	78.4
8	Miscellaneous manufactured articles	6,400	3,973	(37.9)
9	Commodities and transactions not classified elsewhere in the SITC	218	233	6.9
Total:		688,082	677,074	(1.6)

Source: International Trade Statistics, CSO

*Preliminary

Imports

The decline in the total value of imports between October and November 2005 was mainly due to significant decreases in expenditure on products under mineral fuels, lubricants and related materials, machinery and transport equipment, food and live animals and also from crude materials (excluding fuels). These product categories accounted for about 79 percent share in the total value of imports in October compared with a share of 65 percent in November 2005. The major products responsible for the notable decline in expenditure on imports among others were petroleum oils and oils obtained from bituminous minerals, (K129.9 Billion in October and K94.3 Billion in November), motor vehicles for the transportation of goods (K32.8 Billion in October and K23.1 Billion in November, 2005).

Total Imports by Standard International Trade Classification (SITC), October and November 2005, (K' Million)

Section	Description	Oct-05	Nov-05*	% Change
0	Food and live animals	54,280	42,017	(22.6)
1	Beverages and tobacco	1,514	2,153	42.2
2	Crude materials, (excl fuels)	31,079	28,996	(6.7)
3	Mineral fuels, lubricants and related materials	723,626	165,371	(77.1)
4	Animal and vegetable oils, fats and waxes	16,989	16,938	(0.3)
5	Chemicals	6,692	4,992	(25.4)
6	Manufactured goods classified chiefly by material	160,197	173,870	8.5
7	Machinery and transport equipment	144,716	130,545	(9.8)
8	Miscellaneous manufactured articles	392,643	309,068	(21.3)
9	Commodities and transactions not classified elsewhere in the SITC	161	120	(25.5)
Total		1,531,897	874,070	(42.9)

Source: International Trade Statistics, CSO

*Preliminary

Considering imports by Broad Economic Categories (BEC), about 78 percent of the Zambian imports are Industrial Supplies, fuels and capital goods and accessories. Industrial Supplies recorded 37 percent, capital goods accounted for 22 percent while fuels and lubricants accounted for 18 percent of the total imports in November 2005.

Imports of capital equipment also declined from K244.9 Billion in October 2005 to K192.4 Billion in November 2005; while transport equipment, parts and accessories recorded a decline from K104.7 Billion in October to K88.0 Billion in November 2005.

Total Imports by Broad Economic Categories (BEC), October and November 2005, (K' Million)

Code	Description	Oct-05	Nov-05*	% Share	% Change Oct-Nov
1	Food and beverages	69,377	50,710	5.8	(26.9)
2	Industrial supplies not elsewhere specified	319,466	324,844	37.2	1.7
3	Fuels and lubricants	715,191	160,510	18.4	(77.6)
4	Capital goods (excluding transport equipment), parts & accessories	244,897	192,408	22.0	(21.4)
5	Transport equipment, parts And accessories thereof	104,650	88,018	10.1	(15.9)
6	Consumer goods not Elsewhere specified	78,169	57,416	6.6	(26.5)
7	Goods not elsewhere specified	147	164	0.0	11.6
Total		1,531,897	874,070	100.0	(42.9)

Source: International Trade Statistics, CSO

*Preliminary

Informal Sector Employment Continues to Grow!

The latest CSO Survey shows that informal sector employment in the country has remained relatively high between 1998 and 2004. This is evident from the fact that out of 3.5 million employed persons in 1998, 79 percent were in the informal sector. In 2004, the percentage rose to 81 percent out of the 3.9 million employed persons. This upsurge may be explained by the fact that unemployment rate reduced from 12 percent in 1998 to 9 percent in 2004, of which marginal difference may have been absorbed in the informal sector.

Informal sector employment was high among females at 90 percent compared with 74 percent among males in 2004. In 1998, informal sector employment in rural areas was high at 91 percent compared with 48 percent in urban areas. This is mainly a result of high levels of self-employed and unpaid family workers in subsistence agriculture in rural areas. However, it was observed that in 1998 and 2004, informal sector employment in rural areas remained stable at 91 percent. Whereas, in urban areas did it record an increase of 9 percentage points, from 48 percent in 1998 to 57 percent in 2004.

Informal Sector Employment by Rural/Urban and Sex, Zambia, 1998 and 2004

Residence	1998				2004			
	Both Sexes	Male	Female	No. of Employed Persons	Both Sexes	Male	Female	No. of Employed Persons
All: Zambia	79	71	89	3,514,000	81	74	90	3,954,612
Rural	91	86	95	2,524,000	91	88	96	2,765,477
Urban	48	39	64	990,000	57	46	71	1,189,136

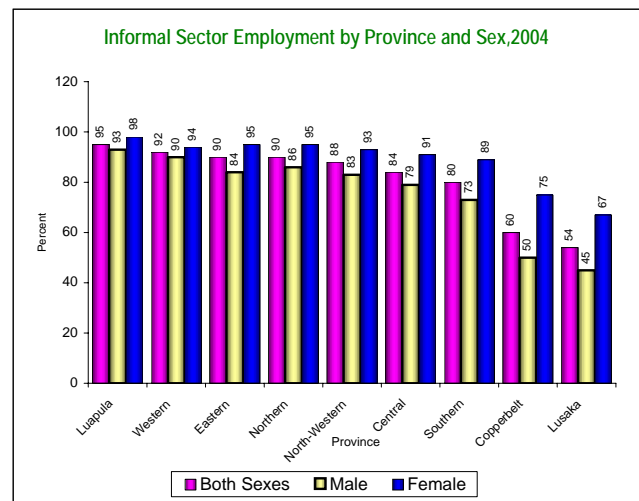
Source: Living Conditions Monitoring Survey, 1998 and 2004, CSO

Sectoral evidence reveals that between informal agricultural employment and informal non-agricultural employment, there exists a significant difference. Eighty-two percent of those in informal sector employment were engaged in agricultural activities while 18 percent were in non-agricultural activities. Those in informal agricultural activities were more concentrated in rural areas, constituting 95 percent. On the other hand, the majority of those in informal non-agricultural activities were resident in urban areas making up 69 percent. In either case, there were no major disparities with respect to gender. Informal agricultural employees had 80 percent males and 83 percent females, and informal non-agricultural employees had 20 percent males and 17 percent females.

Percentage Distribution of Informal Agricultural and Non-Agricultural Employment by Sex and Residence, Zambia, 2004

Sex/Residence/Domain	Informal Agricultural		Informal Non-Agricultural		No. of Informal Sector Employees
	Number	Percent	Number	Percent	
All: Zambia	2,626,654	82	576,582	18	3,203,236
Male	1,232,441	80	308,110	20	1,540,551
Female	1,380,028	83	282,656	17	1,662,685
Rural	2,406,240	95	126,644	5	2,532,885
Urban	207,809	31	462,543	69	670,351

Source: 2004 Living Conditions Monitoring Survey Report (LCMS IV)



Source: 2004 Living Conditions Monitoring Survey Report (LCMS IV)

The province with the highest proportion of employed persons in the informal sector was Luapula, which recorded a proportion of 95 percent, out of whom 98 percent were females and 93 percent were males.

It was closely followed by Western, Eastern and Northern provinces whose informal sector employment rates stood, respectively at 92, 90 and 90 percent for both sexes. Lusaka Province had lowest share of persons engaged in informal sector employment with a record 54 percent. In all the provinces, the proportion of females engaged in informal sector employment is higher than the proportion of males.

Regional Disparities Exhibited in Income Distribution

According to the latest CSO survey, the average monthly income for a Zambian household in 2004 was K 502,030. The majority of the 2.1 million households (74 percent) earned below K600,000 per month.

There was a marked difference in income between the rural and urban households. Urban households had an average monthly income of K760,629 that was almost twice as much as that for rural households, of K334,308.

At provincial level, households in Lusaka Province had the highest average monthly income of K733,885 followed by those in Copperbelt Province with K665,385. Western and Luapula provinces had the lowest average monthly income per household. Western Province reported an average household income of K356,336, while Luapula Province reported an average household income of K317,527.

The survey also revealed that urban households had higher per capita household income than rural households, about K184,833 for urban households compared to K79,361 for the rural households.

Among the provinces, households in Lusaka Province had the highest per capita household income of K190,614, followed by Copperbelt Province with K154,755, while Northern and Luapula provinces had the lowest per capita incomes of K83,461, and K73,949, respectively.

The per capita income for Luapula Province was less than two-fifths of the per capita household income for Lusaka Province.

Survey Confirms Gender Inequality in Income

The survey also revealed disparities in earnings between males and females. Male-headed households had higher average monthly incomes than female-headed households. The average monthly income for a male-headed household was K535,790, while the average monthly income for female-headed households was K382,314.

While the majority of male-headed households (23 percent) earned between K150,000 and K300,000, the majority of female-headed households (51 percent) had incomes ranging between K50,000 and K300,000. Further, 20 percent of male headed-households also had an average monthly household income in excess of K800,000.

The average per capita household income was K120,656 in 2004. The male-headed households had higher per capita income (K122,752) than the female-headed households (K113,271).

Per Capita Income (Kwacha) by Sex of Head, Residence and Province, 2004

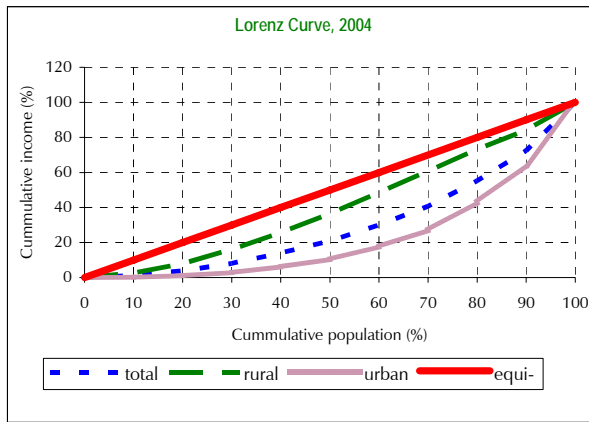
Residence/Province	Both	Male	Female	Number of households
All Zambia	120,656	122,752	113,271	2,110,640
Residence				
Rural	79,361	80,981	73,919	1,288,064
Urban	184,833	185,940	180,629	822,575
Province				
Central	101,156	103,436	93,248	207,243
Copperbelt	154,755	158,285	140,539	311,712
Eastern	115,574	114,305	119,776	290,224
Luapula	73,949	71,910	81,061	171,659
Lusaka	190,614	191,913	185,248	309,949
Northern	83,461	85,051	76,870	275,395
North-Western	110,288	102,331	136,094	125,814
Southern	115,833	120,671	97,435	252,423
Western	84,037	90,146	72,283	166,219

Source: 2004 Living Conditions Monitoring Survey Report (LCMS IV)

Inequalities in Zambians' Income Decline

Inequality in income distribution is one of the factors that determine inequality in the levels of household expenditure and access to goods and services. In terms of distribution of income, the survey results revealed that the bottom 80 percent of the population in terms of earnings were reported to have acquired only 55 percent of the total income, while the top 20 percent of the population claimed 45 percent of the total income. This shows that income is very unevenly distributed in Zambia.

The Gini coefficient for Zambia in 2004 was 0.55, a decline from 0.61 percent in 1996. It was 0.50 in the rural households and 0.57 in the urban households. This reveals that the income inequalities in 2004 were more pronounced in the urban areas than in the rural areas. In the urban areas, the bottom 80 percent had 43 percent of the income, while the top 20 percent had 57 percent of the income. In the rural areas, the bottom 80 percent had 73 percent of the income while the top 20 percent claimed 27 percent of the income.



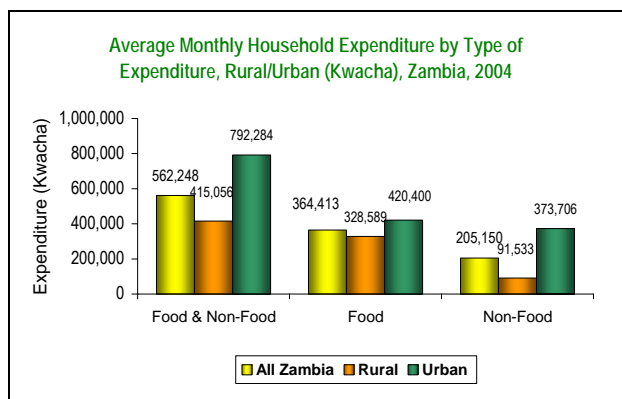
Source: 2004 Living Conditions Monitoring Survey Report (LCMS IV)

Trend analysis of the income distribution from 1996 to 2004 shows that there has been a reduction in inequality regarding the distribution of income. In 1996, the bottom 50 percent of the population claimed a mere 11 percent of the total income. This slightly reduced to 9.1 percent in 1998, and then increased to 21 percent in 2004. The top 10 percent income bracket reduced from 53 percent of the total income in 1996 to 28 percent in 2004.

The major sources of income for the households were salaries and household non-farming businesses. Regular salaries accounted for almost two-fifth (38 percent) of the total household incomes. Non-farming businesses accounted for nearly a quarter of the earnings (23 percent). Consumption of own produce accounted for 13 percent, while the sale of agricultural produce only accounted for 4 percent of total household income.

Zambians Spend More on Food!

The latest Survey results show that the monthly average household expenditure on both food and non-food items of a typical Zambian household was found to be K562,248. This is equivalent to a daily average household expenditure of K18,484. Household monthly average expenditure on food items was much higher than that on non-food items, that is K364,413 on food against K205,150 on non-food items, i.e., 65 percent of the total monthly average household expenditure on both food and non-food items were spent on food items only.



Source: 2004 Living Conditions Monitoring Survey Report (LCMS IV)

In terms of residence, urban households had a much higher monthly average expenditure on food and non-food items of K792,284 than their rural counterparts with K415,056. Urban households had higher monthly average expenditures on both food (K420,400) and non-food items (K373,706), representing proportions of 53 and 47 percent, respectively, of the total monthly average household expenditure on food and non-food items in urban areas. However, in the case of rural areas, households spent much more on food than on non-food items with monthly average household expenditure on food being K328,589 or 79 percent of the total monthly average expenditure on food and non-food items in rural areas.

At provincial level, households in Lusaka Province had the highest per capita expenditure with K234,380, followed by households on the Copperbelt Province with K165,045. Households in Western Province recorded the lowest per capita expenditure with K83,711, followed by households in Luapula Province with K96,803.

Zambians Give Reasons for their Poverty Status

The latest Survey results show that the majority of households in Zambia (88 percent) perceived themselves poor, while the remaining 12 percent considered themselves not poor at all.

Several reasons were cited as being responsible for perceived household poverty. However, many of the reasons were either related to unfavourable conditions for agricultural production or lack of finances to operate anything. Inability to afford agricultural inputs was a factor responsible for being poor for 22 percent of the households.

This factor affected more of the rural households (32 percent) compared to only 5 percent of the urban households. Lack of funds to start or expand a business was mostly cited by urban households at 14 percent as compared to rural ones at only 5 percent. Lack of employment was cited by 8 percent of households overall but most commonly among urban households (15 percent) compared to rural households at only 4 percent. Twelve percent attributed their poverty to low wage/salary. More of the male-headed households compared to female headed ones cited low wage/salary. Low wage/salary was also popular reason among urban households (27 percent) than among rural households at only 4 percent. Death of a breadwinner was more commonly reported by female headed households, at 13 percent than male headed ones at only 1 percent.

Percentage Distribution of Self Assessed Poor Households by reason for being poor, Rural/Urban, and Sex, Zambia, 2004

Reason for poverty	All Zambia	Male	Female	Rural	Urban
Cannot afford Agricultural Inputs	22	22	22	32	5
Agricultural Inputs not Available	3	4	3	5	0
Lack of Agricultural inputs due to other reason	3	3	3	4	1
Low agricultural Production	3	3	4	5	1
Drought	1	1	1	1	0
Floods	1	1	0	1	0
Lack of Adequate Land	3	3	2	3	2
Low Prices for their Agricultural Produce	1	1	1	2	0
Lack of Market/buyers for Agric Produce	1	1	1	2	0
Lack of cattle/oxen	6	5	7	9	0
Death of cattle due to diseases	1	1	1	1	0
Lack of capital to start/expand agric	5	5	5	6	2
Lack of capital to diversify agric	1	1	1	1	1
Lack of credit facility to start agric	1	1	1	2	1
Lack of capital to start/expand business	7	7	8	4	12
Lack of credit facility to start/expand business	1	1	1	1	2
Cannot find a job	8	9	6	4	15
Salary/wage too low	12	14	7	4	27
Pension payment too low	0	0	0	0	1
Retrenchment/redundancy	0	0	0	0	1
Prices of commodities too high	3	3	3	2	6
Hard economic times	5	6	5	3	9
Business not doing well	2	2	2	0	6
Too much competition	1	1	0	0	1
Due to disability	0	0	1	1	0
Death of Breadwinner	4	1	13	3	5
Debts	0	0	0	0	0
Other	2	2	2	3	2
Number of Households	1,839,703	1418581	421122	1165227	674476

Source: 2004 Living Conditions Monitoring Survey Report (LCMS IV)

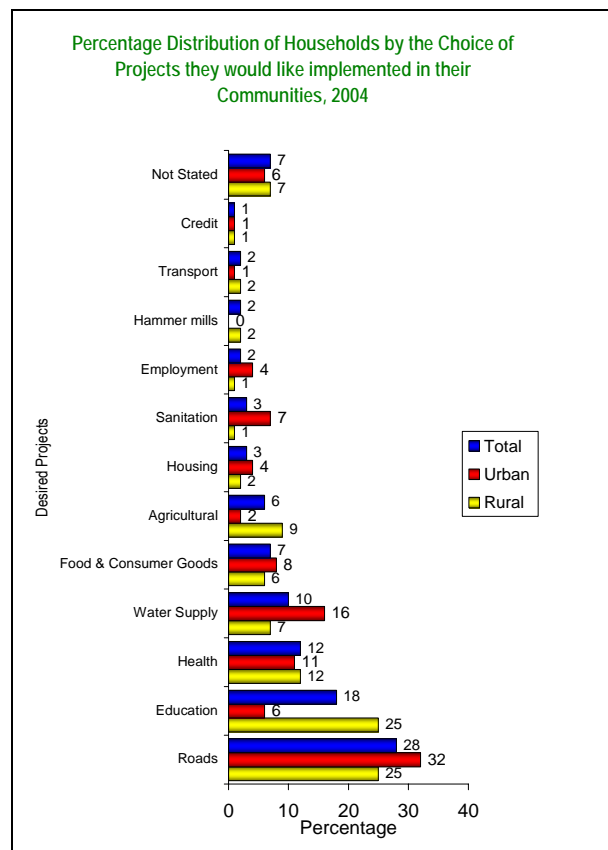
Road Infrastructure most desired developmental Project in Zambian Communities

In the 2004 Living Conditions Monitoring Survey (IV), households were asked to indicate which projects they would like provided or improved in their communities. The results show that projects which have to do with road rehabilitation, tarring or resurfacing of roads were the most desired. This was indicated by 28 percent of the respondents in the survey. Provision or improvement of education facilities was the second preferred projects by 18 percent of the households.

The choice for road rehabilitation projects was more pronounced in urban compared to rural households with 32 and 25 percent, respectively. The preference for education projects were higher among rural households (25 percent) compared to the urban households (6 percent).

Other relatively more desired projects were provision or improvement of health facilities, with 12 percent and water supply with 10 percent. The least desired project was credit facilitation with only 1 percent.

However, the choice of health projects was almost the same for both rural and urban households with 12 and 11 percent, respectively.



Source: 2004 Living Conditions Monitoring Survey Report (LCMS IV)

Rehabilitation of Schools most Widespread Project in Zambian Communities

In terms of the developmental projects taking place in the communities in the last five years, the LCMSIV results show that the most widespread project was rehabilitation of schools with 34 percent. This was followed by improvement of radio reception (28 percent), provision of hammer mills (25 percent) and provision or improvement of transport service (24 percent).

Other projects that were reported by at least 20 percent of the households were rehabilitation of health facilities, grading of gravel roads and provision of consumer goods.

Percentage Distribution of Households by the Projects they Indicated where taking Place in their Community

Type of project	Residence		
	Total	Rural	Urban
Rehabilitation of schools	34	35	33
Improvement of radio reception	28	27	31
Provision of hammer mills	25	23	29
Provision/improvement transport service	24	15	38
Rehabilitation of health facility	21	17	27
Grading of gravel road	20	18	23
Consumer goods	20	13	30
Building of school	19	20	18
Provision/improvement of Police services	18	10	30
Provision of television reception	18	12	27
Sinking of boreholes	16	19	11
Radio facility improved	14	10	20
Building of health facilities	13	14	12
Improvement of television reception	11	6	18
Provision of housing	10	7	16
Provision of market for agricultural Produce	9	11	7
Rehabilitation/improvement of water Supply	8	3	17
Provision of agricultural inputs on Credit	8	10	6
Tarring of road	6	5	7
Digging of wells	6	7	4
Piping of water	6	2	13
Provision/improvement of agriculture Extension services	6	7	5
Provision/improvement of veterinary Services	6	7	4
Make readily available agriculture inputs	6	5	7
Building of new roads	4	3	5
Provision/improvement of sanitation	4	3	5
Provision of radio sets	4	2	6
Provision of credit facilities	3	2	5
Provision of television sets	2	1	4
Creating more employment opportunities	1	1	2
Number of households	2,110,640	1,288,064	822,575

Source: 2004 Living Conditions Monitoring Survey Report (LCMS IV)

Government and Individual Community Members on Average are the Major Project Sponsors in Communities

The respondents were asked to indicate who the major sponsors of the projects in their communities were, and according to the 2004 LCMS IV findings, the Government was on average the single most major project sponsor in Zambian communities. This was followed by individual community members. It was however observed that the projects that were sponsored by individual community members could be considered as private projects such as provision of hammer mills, provision and improvement of transport service, housing or bringing of consumer goods. Other notable project sponsors in communities included NGOs, other institutions, ZAMSIF and Micro Project Unit (MPU) whose projects fell in the category of projects that benefit the community as a whole, such as building and or rehabilitating of schools, building and or rehabilitating of health facilities.

Percentage Distribution of Households by their indication of who was sponsoring the Project(s) that have taken place in their Communities

Type of project	Sponsor of project								Total	Number of households
	ZAMSIF	Micro Project Unit	Government	NGOs	United Nations	Some Other Institution	An Individual	Do not know		
Building of School	14	9	33	11	1	12	6	15	100	388,864
Rehabilitating of school	16	16	37	6	1	6	1	17	100	692,988
Building of health facility	14	9	49	7	1	7	1	12	100	258,519
Rehabilitation of health facility	6	6	58	6	0	4	2	18	100	432,898
Building of new road	3	6	55	6	1	5	5	18	100	79,466
Grading of gravel road	1	3	56	5	0	7	5	23	100	408,185
Tarring of road	2	2	62	3	0	7	2	23	100	123,881
Digging of well	8	7	23	11	0	11	21	20	100	120,052
Sinking of borehole	9	10	31	16	1	7	4	22	100	325,322
Piping of water	4	4	42	13	0	11	7	19	100	121,504
Rehabilitation/improvement of water supply	3	3	40	11	0	18	6	18	100	161,362
Provision of hammer mills	1	1	5	3	0	4	79	6	100	511,467
Provision/improvement of transport service	1	1	22	0	0	6	58	13	100	492,615
Provision/improvement of sanitation	7	7	29	7	0	9	23	17	100	77,359
Provision of agricultural inputs on credit	1	1	47	14	0	21	7	9	100	173,445
Provision/increasing market for agricultural produce	0	1	28	4	0	13	37	16	100	183,282
Increasing availability of consumer goods	1	1	19	0	0	4	60	15	100	416,452
Provision of credit facility	4	6	24	22	0	11	16	16	100	64,426
Creation of more employment opportunities	2	2	18	7	.	29	23	18	100	30,506
Provision of housing	1	1	34	1	.	5	49	10	100	212,058
Provision/improvement of police services	2	2	80	0	0	2	2	12	100	373,691
Provision/improvement of agriculture extension services	1	1	82	4	0	1	2	9	100	128,903
Provision/improvement of Veterinary services	1	1	89	1	.	1	3	6	100	129,491
Making more readily available agriculture inputs	1	1	62	6	0	5	12	12	100	121,535
Provision of Radio reception	0	1	54	3	0	7	11	23	100	579,443
Improvement of Radio facility	0	1	53	5	0	6	9	25	100	292,543
Provision of Radio sets provided	1	0	24	4	0	9	44	18	100	81,779
Provision of television reception	0	0	73	1	0	5	1	19	100	366,076
Improvement of television reception	0	2	70	1	.	8	1	18	100	224,812
Provision of television sets	0	1	22	1	0	1	56	19	100	43,091
AVERAGE	3.5	3.5	44.0	6.0	0.02	8.1	18.4	16.2	100	253,867

Source: 2004 Living Conditions Monitoring Survey Report (LCMS IV)

The Layman and Statistics

Informal Sector Employment. This is defined as employment where the employed persons are not entitled to paid leave, pension, gratuity and social security and worked in an establishment employing 5 persons or less. All the three requirements have to be fulfilled in order to classify a person as working in the informal sector.

Per Capita Mean Monthly Income. This denotes the average monthly income of a household member, calculated as the quotient of total household monthly income and the total number of persons in the household.

Household Mean Monthly Income. This is the average monthly income of a household, and is calculated as the quotient of the total monthly income of all households and the total number of households in Zambia. Related to the mean monthly income is the modal income representing the income received by the majority of households.

Per Capita Income Deciles. These are a tabular representation of income distribution of a population. Per capita income deciles divide an income distribution arranged in ascending or descending order into 10 equal

parts or deciles. For each decile, the percentage of the total income is calculated as well as the percentage of the total population receiving the total income in the decile. The difference between the two percentages varies directly with inequality in income distribution.

Lorenz Curve. A Lorenz curve is a graphical representation of income distribution of a population. It shows the different proportions of total income going to different proportions of the population. The curve depicts income inequalities by the extent to which it diverges from an equi-income distribution line.

Gini Coefficient. This measures income distribution using an index of inequality. The coefficient gives the numerical degree to which the Lorenz curve diverges from the equi-income distribution line. The Gini coefficient always ranges from 0 to 1. A coefficient of 0 represents total equality in income distribution, while a coefficient of 1 represents total inequality. A coefficient such as 0.66 can be considered to represent a high incidence of inequality in income distribution while a coefficient such as 0.15 represents a more equitable income distribution.

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