Chapter Twelve: **POVERTY**

12.1. Introduction

One of the major challenges facing Zambia today is to reduce poverty and achieve sustained economic growth for national development and attain the millennium development goal number one. Poverty was identified at independence in 1964 as one of the major barriers to human development in Zambia that required to be tackled in the post independence era. Few attempts were made to understand the national and regional causes of poverty in the 1980s (ILO/JASP, 1981), it was not possible before the 1990s to clearly identify and locate the poor in Zambia. In the second half of 1980s Zambia introduced structural adjustment programme (SAP) and vigorously embarked on poverty eradication in 1991. One of the components of SAP was stabilization, whose major objective was to reduce government spending and involvement in the economy. These entailed cutting expenditure on basic social services and introducing cost-sharing for many services.

However, it was realized that the policy changes introduced through SAP were having adverse effects on the poor and vulnerable subgroups in the population and required safety nets. This led to the introduction of social dimensions of adjustment, which were aimed at mitigating the negative effects of SAP. It was against this global policy change that urgent need to monitor welfare began in 1990s. By 1991, the government in collaboration with World Bank launched the first welfare monitoring survey known as Social Dimensions of Adjustment (SDA) Priority Survey I (PS1) to track the impact of adjustment on the welfare of the people.

With regard to welfare assessments, Zambia has conducted at least seven countrywide surveys to measure the living standards of its people since 1991. These are: the 1991 Priority Survey I (PSI) and 1993 Priority Survey II (PSII), the 1996 Living Conditions Monitoring Survey I (LCMSI), the 1998 Living Conditions Monitoring Survey II (LCMSII), the 2002/3 (LCMSIII) also known as Integrated Household Budget Survey, 2004 Living Conditions Monitoring Survey IV (LCMSIV); and the latest 2006 Living conditions Monitoring Survey V (LCMSV) these with priority surveys are commonly called Indicator Monitoring Surveys (IMS).

12.2. Comparability of Living Conditions Monitoring Survey Series

The comparison of the results of the Living Conditions Monitoring Survey III (LCMSIII) of 2002/3 with other series (PSI, PSII, LCMSI, LCMSII, LCMSIV and LCMSV) may not be completely appropriate. Discrepancies in the results of LCMS III and other surveys mentioned above may not be strictly attributable to changes in living standards, but may arise from some methodological procedures of the survey design.

The six Indicator Monitoring surveys have been one-round cross-sectional or one-spot (single interview) surveys, which may make welfare measures imprecise both due to sampling and non-sampling errors. One example of a non-sampling error is under- or overestimation of household incomes and expenditures. When reported weekly, expenditures are used to estimate monthly expenditures. Further the longer the recall period the larger the non-sampling error due to memory lapse. In these surveys most of the expenditure data has been collected using a recall period of two weeks, one month and one year depending on the assumed regularity of expenditure on such items.

On the other hand, in the Integrated Household Budget Survey, Living Conditions Monitoring Survey III, of 2002/3 a diary method was used for recording expenditures. Respondents were requested to record and maintain daily transactions or own-consumption in a diary for a period of one month.

Furthermore, the survey was spread over a period of 12 months to contain seasonal effects on the welfare of households. The season in which the survey is conducted has an effect on the results. There is peak and lean months or the availability or non-availability of food. This is an important factor that determines prices and the people's ability to purchase goods and services.

Questionnaire differences may also contribute to the differences in survey results. For instance, the questionnaire for 2002/3 LCMS III gathered detailed information on food and non-food items when compared to 'on spot' surveys. Expenditures on items were split up into various categories, whereas the other Indicator Monitoring Surveys lumped most items together.

Despite these limitations, the surveys still provide benchmark data for poverty analysis in the country that has led to more informed and focused debate on how the poverty challenges may be tackled. In fact, the Integrated Household Budget Survey can be used to explain some of the results of the Indictor Monitoring Surveys.

12.3. Concepts and Definitions used in Poverty Analysis

Poverty is multidimensional and complex in nature and manifests itself in various forms making its definition difficult. No single definition can exhaustively capture all aspects of poverty. Poverty is perceived differently by different people, some limiting the term to mean a lack of material well being and others citing examples of lack of things like freedom, spiritual well-being, civil rights and nutrition must also contribute to the definition of poverty. Poverty can also be defined as "poverty is hunger, lack of shelter; sickness and being unable to see a doctor (afford medical care) not being able to go to school, not knowing how to read, not being able to speak properly. Poverty is not having a job and fear for the future, living one day at a time. Poverty is losing a child to illness brought about by malnutrition and unclean water. Poverty is powerlessness, lack of representation and freedom," according to qualitative poverty assessments conducted by the Participatory Assessment Group (PAG).

LCMS series of poverty analysis has adopted the material well-being perception of poverty in which the poor are defined as those members of society who are unable to afford minimum basic human needs, comprising of food and non-food items. Although the definition may seem simple, there are several complications in determining the minimum requirements and the amounts of money necessary to meet these requirements. In the LCMS analysis, efforts to determine people's well being in Zambia have therefore concentrated on estimating the aggregate value of all goods and services considered necessary to satisfy an individual's basic needs. The LCMS series has collected information mainly on household consumption expenditures, which are then analysed to assess the welfare of households.

12.3.1. Absolute versus Relative Poverty

Absolute Poverty is defined in terms of the requirements considered adequate to satisfy minimum basic needs; the absolute poor have no means to meet these needs. Specification of these minimum requirements is inspired by the universal valuation of human dignity. Those falling below the poverty lines (food or overall) derived in this manner are leading dehumanizing lives according to universal norms of human dignity: facing starvation, lack of shelter, or the prospect of turning to immoral activities for survival. Another characteristic of absolute poverty is that it has real value over time and space of welfare, meaning that poverty lines defined in this way guarantee that poverty comparisons made are consistent in the sense that two individuals with the same level of welfare are treated the same.

Relative poverty line however is used to refer to a poverty line, which is proportional to the mean or median income or expenditure. For example, many studies have used two-thirds (2/3) and one-third (1/3) of the mean to define relative poverty, with the latter being similar to the extremely poor. Some people have also used percentile cut-offs to define relative poverty line at, say, the bottom 20 percent of individuals in the distribution of income or expenditure.

12.3.2. Construction of the Food Basket

CSO has been using the food basket approach when measuring absolute poverty in the country. The Zambian basket, which was earlier compiled in 1981 by the ILO/JASPA basic needs mission to Zambia, was updated by a joint study by National Food and Nutrition Commission (NFNC) and the Price and Incomes Commission (PIC) in 1991. This food basket meets the daily caloric and protein requirements of 12,564 and 335 grams (proteins) for a family of six.

However, this basket has received a lot of criticism mainly originating from the fact that the basket is quite old and may not reflect the current existing consumption patterns of the Zambian population. Further, the food composition of this basket is biased to urban areas and leaves out some food items, which are very popular among the majority of the poor households. It is from this backdrop that CSO has attempted to construct a food basket that meets the same recommended minimum calorific requirements of 12,564 for an average family of 6 or 2,094 per person per day.

For the purposes of this analysis, it is sufficient to note that the minimum nutritional requirements have been expressed only in terms of calorie intake; hence excluding protein and micronutrient needs. The exclusion of these extra nutritional requirements is based on the premise that it is now fairly common to assume that their intake is met by virtue of meeting the minimum calorie requirements (P. Lanjouw et al, 1996).

Most of the available literature recommends that the food basket be constructed using food expenditure values of households in the first or second lowest quintile. The idea behind this approach is that the emerging basket should reflect the consumption pattern of the poor. CSO has deliberately deviated from this approach simply because the basket falls short of meeting the required calorific requirements. In addition, given the problem of food insecurity and poverty in the country, getting households in the first or second lowest quintile would run the risk of misclassifying some households as non-poor when in actual fact they are poor.

The current food basket that has been used for poverty analysis in this report was developed from households whose food expenditure in per adult equivalent terms was 20 percent around the national median food expenditure. It is felt that this approach would yield a representative food basket reflecting the consumption patterns of both the poor and the non-poor.

Since the quantity information was missing, the quantities were estimated by dividing household food expenditure by unit market prices that these households were facing in their respective regions. The food quantities were then converted to calories using conversion factors adopted from the Africa Food Composition Table developed and compiled by Food Agricultural Organisation (FAO). This approach treats the 20 percent households around the national reference median as one standard household. The basket accommodates about 90 percent of all food items consumed in the country. The inclusion of various food items in the basket depended on the size of their mean shares. However, the nominal food basket was valued using National median prices so as to facilitate the derivation of real poverty lines for different regions. The food basket yielded about 2094 calories per person per day and was valued at K295, 696 at average national prices. *A list of food items that have been included in the food basket is found in the Appendices.*

12.4. Determination of the Absolute Poverty Lines in Zambia

Absolute poverty lines are constructed with reference to some minimum dietary requirements. The argument for this nutritional anchor is that if households fail to have enough food to meet the minimum nutritional requirements of its members, then the members are considered to be poor.

There is no straightforward approach to the determination of the non-food poverty line. However, the food poverty line sets the basis of determining the non-food poverty line particularly when the famous Engel's law of welfare has been evoked. Engel's law states that the budget share devoted to food tends to decrease with an increase in total real consumption expenditure. This law implies that poor households will devote most of their income to food than to non-food items.

Engel's law further states that households that spend the same proportion of total expenditure on food enjoy the same level of welfare. Accordingly, the non-food component of the poverty line can be determined by observing the share of non-food expenditure among households whose total expenditure is exactly equal to the cost of the food basket. According to Ravillion, if a person's total income is just enough to reach the food threshold, anything that he or she spends on nonfood items can be regarded to be absolutely basic non-food requirements. In this case the non-food poverty line relates to absolutely essential expenditure on items other than food.

In practice it is extremely difficult to find households with total expenditures that are exactly equal to the food poverty line. Available literature suggest that one can select households whose total expenditures are within 10 percent of the poverty line for determining an appropriate Engel's ratio required for adjusting the food poverty line (Kakwani, 2002). This procedure for Zambia generated a non-food share of 30 percent of total expenditure or an Engel's ratio of 70/100. Variation of the total expenditure bands from 5 to 30 percent around the food poverty line still produced the same ratio of 0.70. In order to obtain the upper poverty line that takes into account the non-food requirements of individuals, the food poverty line was then divided by the Engel's ratio.

The above stated procedure eventually leads to the development of 2 poverty lines namely the extreme and moderate poverty lines. In order to take into account the differences in household size and composition, the poverty lines used in this analysis are expressed in Per Adult Equivalent (PAE) terms. The extreme poverty line relates to the monthly cost of the food basket whilst the moderate line relates to the monthly cost of all basic needs including non-food items. The cost of the extreme and moderate poverty line came to about K65, 710 and K93, 872 in per adult equivalent terms, respectively. It follows that if a household or an individual fails to meet the cost of the food basket (extreme line), then he or she is classified as extremely poor. Conversely, if an individual meets the cost of the food basket but falls short of affording the cost implied by the moderate poverty line, that person is classified as being moderately poor. Therefore, the total poor is simply obtained by adding the extremely and the moderately poor. For the purposes of this analysis, the moderate poverty line constitutes the ultimate poverty line that is used for deriving aggregate poverty measures.

12.4.1. Extremely Poor

The analysis of poverty has revealed that there is a 'hardest-hit' category of people consisting of those who cannot afford to meet the basic minimum food requirements even if they allocated all their total spending on food. This group is frequently referred to as the Extremely poor or the ultra poor in the literature of poverty. The Extreme Poverty Line is normally set at the total expenditure equivalent to the Food Poverty Line. For example in LCMS V, these are households whose total monthly expenditures are less than K65,710 equivalent to the total cost of the average National calories intake found in the Data. (Table 12.1). This is updated from the 1998 poverty line of K32, 861 by using CSO's Consume food basket (Appendix) adjusted from the prevailing market Price at the time of the survey. The National food basket was constructed by the National food and Nutritional Commission way back in the early 1980s.

12.4.2. Moderately Poor

In view of the fact that minimum basic needs do not entail food-energy intake alone, some minimum basic non-food items such as health, shelter, and education are also necessary. This category consists of people who can afford to meet the basic minimum food requirements but cannot afford non food basic needs.

12.4.2. Non Poor

The overall poverty line is derived from the summation of the food expenditure level that gives the required food energy intake and the mean non-food expenditure allowance. This category consists of people whose expenditure is equal or more than the overall poverty line.

12.5. Poverty Measures

Poverty measures summarise information on the prevalence, depth and severity of poverty. The P-alpha class of poverty measures developed by Foster, Greer and Thorbecke (FGT) in 1984 have been used in LCMS series analysis.

$$P\alpha = 1/N \sum_{i=1}^{n} \left(Z - Yi/Z \right)^{\alpha}$$

Where: N= the total population in a group of interest
Z= the poverty line (Moderate)
n= the number of individuals below the poverty line
Yi= the adult equivalent expenditure
α= the poverty aversion parameter which takes on values of 0,1,2
Z-Yi= the poverty gap.

The head-count ratio showing poverty incidence and represented by Pa=0 is the most widely used indicator of poverty. It gives us the proportion of total households classified as poor, or those with expenditures below the poverty line. It is the ratio of persons living in poor households to the total population, and is used chiefly for comparisons between different periods and areas – as in assessing overall progress in poverty reduction. It is often the starting point for social policy programming, sometimes used to obtain rough figures about the target population for some anti-poverty programmes.

The shortcoming of the head-count index is that it may remain the same even when the dept and severity of poverty are rising. The intensity of poverty is measured by the intensity index represented by $P_{\alpha=1}$, which measures the average difference between the poverty line and the actual income/expenditures of each poor household. This measure is useful in suggesting the amounts of money that would be contributed by every individual/household (under the assumptions of perfect targeting of the poor) to eradicate poverty.

$P_{\alpha=2}$ is a measure of the square of the intensity of poverty. This index is more sensitive to the poorest in society as it gives them a higher weight in calculating the depth of poverty. The wider the squared gap, the greater the severity of poverty. This index has no intuitive interpretation other than just as a measure of comparing how policies affect independent groups.

12.5.1. Concept of Adult Equivalent

To measure poverty, consumption per adult equivalent is used in all LCMS analysis as the index of individual welfare. This index is preferred over other indices such as per capita consumption because it ensures that the differing needs of household members are covered. The argument for the preference of this index is that not all members of the household have similar claims on the available goods and services; hence it is convenient to make all members of the household homogeneous by means of some equivalence scale. This report has used the equivalence scale shown below and no difference has been attached between male and female adults each have a consumption weight of one. For children less than 12 years different consumption weights according to age-group have been given. From this table it shows that a household (family) of six would need an average of 2,050 calories and 202 grams of protein. This corresponds to an average of 2,050 calories and 34 grams of protein per day.

Table 12.2: Calorie Requirements for a Family of Six and the Adult Equivalent Scale

Age Group	Calorie Requirement	Adult Equivalent scale	Adjusted Adult Equivalent Scale
Child			
0 – 3 years	1,000	0.36	0.36
4 – 6 years	1,700	0.62	0.62
7 – 9 years	2,150	0.78	0.78
10 – 12 years	2,1 00	0.95	0.95
Adult above 12 years			
Female	2,600	0.95	1.00
Male	2,750	1.00	1.00
Total	12,300	4.67	4.71

Source: The Evolution of Poverty in Zambia, 1991-1996, CSO

12.6. Incidence of Poverty in Provinces, Urban and Rural areas

Table 12.3 shows that overall, 64 percent of Zambia's total population was poor, and amongst these poor, 51 percent were most disadvantaged, could not afford a minimum basic food requirement, hence they were extremely poor. Only 14 percent of the total poor persons could afford the minimum basic food requirements but could not afford the basic non food requirements.

The rural population of Zambia remained predominantly poor with overall poverty level at 80 percent as compared to their urban counterparts at 34 percent. Incidence of extreme poverty was also high in rural areas; two thirds of the poor were extremely poor, whilst one third was extremely poor in urban areas. Both Rural and urban area had 14 percent moderately poor people. Furthermore, the non poor persons in rural areas were 66 percent while urban areas only had 20 percent.

There is substantial provincial variation in the incidence of poverty. Incidence of poverty ranges from 29 percent in Lusaka to 84 percent in Western Province. In terms of aggregate poverty, apart from Lusaka and Copperbelt, the rest of the Provinces house had over half of the poor population. Incidence of poverty in Western province is substantially high in terms of both aggregate poverty and extreme poverty. While Lusaka's extreme poverty was at 16 percent, Western was at 73 percent. Other than Lusaka province, relatively low incidences of extreme poverty were observed on the Copperbelt at 27 percent followed by Southern 58 percent Central at 59 percent, North Western 57 percent, and Luapula at 61 percent and Eastern at 64percent.

Table 12.3: Incidence of Poverty Among Individuals in Provinces, Urban and Rural Areas

Location	Poverty Status				
	Total Poor	Extremely Poor	Moderately Poor	Non Poor	Total Population
All Zambia	**64**	**51**	**14**	**36**	**11,696,462.00**
Rural/Urban					
Rural	80	67	14	20	7,601,274.00
Urban	34	20	14	66	4,095,188.00
Province					
Central	72	59	13	28	1,221,188.00
Copperbelt	42	27	15	58	1,782,098.00
Eastern	79	65	14	21	1,604,257.00
Luapula	73	61	12	27	929,310.00
Lusaka	29	16	12	71	1,639,574.00
Northern	78	64	14	21	1,482,916.00
North-Western	72	57	15	28	704,993.00
Southern	73	58	16	27	1,449,674.00
Western	84	73	10	16	881,974.00

12.6.1. Incidence of Poverty in Strata

Table 12.4 shows incidence of poverty among individuals in various strata. The rural small scale farmers had highest incidence of poverty at 82 percent and the least incidence of poverty was among the large scale farmers with 33 percent. Marginal variations were observed across the medium and the non agricultural individuals. With reference to extreme poverty, the small scale farmers were most affected. Sixty eight percent and 56 percent of the people living in small scale and Non Agric strata lived below the food poverty line respectively, while only 17 percent lived below the food poverty line in the large scale stratum.

Table12.4: Incidence of Poverty by Stratum

Stratum	Poverty Status				Total Population
	Total Poor	Extremely Poor	Moderately Poor	Non Poor	
All Zambia	**64**	**51**	**14**	**36**	**11,647,951**
Rural Small Scale	82	68	14	18	6,954,605
Rural Medium Scale	70	52	18	30	263,952
Rural Large Scale	33	17	16	67	8,889
Rural Non Agric	68	56	12	32	350,380
Urban Low Cost	39	23	16	61	3,275,230
Urban Medium Cost	19	11	8	81	483,292
Urban High Cost	8	4	4	92	311,603

In urban areas, the low cost housing dwellers had the highest incidence of aggregate poverty at 39 percent, followed by medium cost housing dwellers at 19 percent, while the high cost housing dwellers had the lowest incidence at 8 percent. Surprisingly, though lowest among the three types of housing, extreme poverty was evident in the high cost housing at 4 percent. This may explain the poverty levels of households by maids and other household workers within these residences. The

low cost housing reported 16 percent moderately poor twice more than medium cost households at 8 percent.

12.7. Poverty and Characteristics of Household Head

The sex and age of the household head, household size, education, can all be associated with poverty. Some of these factors can have long lasting negative impacts on the future of the children. For example the negative correlation between poverty and education is likely to reflect a two causal relationship, with lower education reducing earnings and increasing vulnerability to poverty, which in turn reduces a household's ability to educate its children. This may imply that children living in poor households are less likely to go to school.

12.7.1. Poverty and Sex

Table12.5 reveals that there were minor differences in poverty levels between the households headed by males and those headed by females. Female-headed households had 63 percent of the people falling below the aggregate poverty line, while male-headed households had 70 percent below the poverty line. Extreme poverty is more prevalent among female-headed households than poor male headed households.

12.7.2. Poverty and Age

Table 12.5 Indicates that households with older heads of households were more likely to be below the poverty line, with 80 percent of individuals in households with a head of 60 years or older falling below the poverty line, as compared with 42 percent of individuals in households with a head between 12 and 19 years. The same pattern is observed on the incidence of extreme poverty.

Table 12.5: Poverty, Sex, Age, Education of Head and Household Size

Background characteristics	Poverty Status				Total Population
	Total Poor	Extremely Poor	Moderately Poor	Non Poor	
Zambia	**64**	**51**	**14**	**32**	**11,685,031**
Sex of Head					
Male	63	49	14	34	9,395,704
Female	70	57	13	29	2,289,327
Age of head					
12 –19	42	31	11	35	21,084
20 – 29	55	41	14	41	1,670,078
30 – 59	64	50	14	33	8,463,170
60 +	80	66	14	22	1,530,250
Education of head					
None	87	77	10	19	5,073,684
Primary School	80	66	14	23	4,303,599
Secondary	50	34	16	40	965,123
Tertiary	31	9	12	70	846,570
Household size					
1	31	19	12	68	116,967
2-3	50	37	13	50	1,385,236
4-5	60	47	13	40	3,314,979
6+	70	56	14	30	6,867,849

12.7.3. Poverty and Education

Education is a strong correlate of poverty. Table 12.5 shows that households headed by individuals with no formal education are more than two times likely to be poor than households headed by those with post secondary school education. The incidence of poverty in households headed by individuals with no education was at 87 percent, of these 77 percent were extremely poor. On the other hand, 31 percent of households headed by individuals with tertiary education lived below poverty line, of these 9 percent were extremely poor.

12.7.4. Poverty and Household Size

Table 12.5 shows that the incidence of poverty increases with increasing household size. For example single headed household had 31 percent chances of living below poverty compared with 70 percent chances of living below poverty line for households with household sizes of six or more. Households with large household sizes had more extremely poor people at 56 percent, than households with small household sizes at 19 percent.

12.8. Intensity and Severity of Poverty

Intensity of poverty reflects how poor on average the poor are, how far below the poverty line most of the poor are. This is often measured by the income-gap ratio, defined as:

I= (z-y)/z

Where z is the poverty line and y the mean income of the poor.

Severity of poverty reflects the distribution of income among the poor. If income is taken from the poorest person and given to another not so poor, poverty can be said to have increased, and yet both incidence of poverty and intensity of poverty will remain unchanged.

12.9. Contribution to Total Poverty

Table 12.6 shows that 81 percent of the poor were found among the rural population and only 19 percent were in urban areas. Disaggregating across the provinces shows that 7 percent of the total poor in the country were from North Western province, whilst 17 percent were from Eastern and 15 percent from Northern provinces. Southern province had 14 percent; Central province contributed 12 percent while Copperbelt contributed 10 percent each to the total poor. Despite having a huge population Lusaka province had a share of 6 percent. Luapula provinces contributed 9 percent while Luapula contributed only 9 percent .

Table 12.6.1: Incidence, Intensity and Severity of Poverty by Rural, Urban and Province, 2006

Residence/ Province	P0	Contribution to incidence of poverty	P1	Contribution to intensity of poverty	P2	Contribution to severity of poverty
Rural/Urban						
Rural	0.80	81	0.45	86	0.30	89
Urban	0.34	19	0.13	13	0.07	11
Province						
Central	0.72	12	0.37	11	0.22	10
Copperbelt	0.42	10	0.17	8	0.10	7
Eastern	0.79	17	0.44	18	0.29	18
Luapula	0.73	9	0.39	9	0.25	9
Lusaka	0.29	6	0.10	4	0.05	3
Northern	0.78	15	0.43	16	0.28	16
North Western	0.72	7	0.38	7	0.25	7
Southern	0.73	14	0.39	14	0.25	14
Western	0.84	10	0.53	12	0.39	13
All Zambia	**0.64**	100	**0.34**	99	**0.22**	100

12.9.1. Intensity of Poverty

Per Capita Aggregate Poverty Gap (Pa=1)

Pa=1 sums the gaps between each poor person's income and poverty line and divides by the total population, hence the 'per capita aggregate poverty gap'. It gives a measure of the amount of income in per capita terms that is necessary (under perfect targeting) to eradicate poverty. Table 12.6 shows that overall, if every person in the population contributed 34 percent of the poverty line, there would be just enough to bring all poor people to the poverty line. The rural population would need to contribute on average 45 percent to exactly eradicate poverty among their rural dwellers, whilst the urban population needs to contribute 13 percent, less than half of rural resources, to eradicate poverty among their colleagues in urban areas.

Furthermore, the table reveals that, of the resources needed to eradicate poverty, 86 percent would go to rural areas and 13 percent to urban areas. Across the provinces 18 percent would go to Eastern province and 16 percent to Northern Provinces while southern province would receive 14 percent. Lusaka would receive the least share of resources at 8 percent followed by North Western and Copperbelt provinces.

Severity of poverty (Pa=2)

The index now gives greater weight to the poorest group. The Table 12.6 shows that contribution to poverty of rural population rose from 81 percent to 89 percent as a takes the value of 2, suggesting that a relatively large proportion of rural population are among the poorest of the poor. About 89 percent of measured poverty emanated from rural areas when more weight is given to those in extreme poverty.

Across the provinces severity of poverty is greatest in Eastern Province with 18 percent, followed by Northern Province with 16 percent and Central Province with 10 percent. The least incidence of severity of poverty occurred in Lusaka province with 3 percent.

12.10. Poverty Trends

Based on the six quantitative 'on the spot' surveys, poverty lines and poverty measures have been estimated at the national, rural and urban, and regional (provincial) level. Table12.7 examines trends in poverty incidence over a period 1991 – 2006. Despite passing through some economic recession triggered by drought spells in some years; 1993 and 1998, the incidence of poverty fell overall from 70 percent in 1991 to 64 percent in 2006. The gains of this reduction can be noticed in rural areas, incidence of poverty in rural areas reduced significantly from 88 percent in 1991 to 80 percent in 2006. In Urban areas incidence poverty has drastically dropped from 49 percent in 1991 to 34 percent in 2006.

Furthermore, the estimates show that Lusaka province has consistently emerged the least poor region in all the five surveys, although it has been experiencing substantial increases in poverty incidence. In 1991 incidence of poverty in Lusaka Province was 31 percent, in 1993 the incidence rose to 39 percent then in 1996 it dropped marginally to 38 percent. Conversely, there was a sharp rise from 38 percent in 1996 to 53 percent in 1998 and then in 2004 the incidence of poverty dropped to 48 percent and continuously dropped to 29 percent in 2006. indicating that poverty in the last decade in Lusaka dropped from 31 percent in 1991 to 29 percent in 2006. Generally, incidence of poverty reduced between 1991 and 2006 in almost all the provinces except in Central and Western Provinces. Table 12.7 shows that Western Province consistently emerged as the poorest Province in all the five surveys. In fact the incidence of poverty in Western province remained the same since 1991 at 84 percent.

Table 12.7: Poverty trends from 1991 to 2006

Residence/ Province	1991	1993	1996	1998	2004	2006
	Incidence of poverty	Incidence of poverty	Incidence of poverty	Incidence of poverty	Incidence of poverty	Incidence of poverty
All Zambia	70	74	69	73	68	64
Rural/urban						
Rural	88	92	82	83	78	80
urban	49	45	46	56	53	34
Province						
Central	70	81	74	77	76	72
Copperbelt	61	49	56	65	56	42
Eastern	85	91	82	79	70	79
Luapula	84	88	78	82	79	73
Lusaka	31	39	38	53	48	29
Northern	84	86	84	81	74	78
North Western	75	88	80	77	76	72
Southern	79	87	76	75	69	73
Western	84	91	84	89	83	84

However, the design and timing of Living Conditions Monitoring Surveys may have contributed to the poverty dynamics apparent in the table13.7 when compared to the Integrated Household Budget Survey of 2002/3. Same factors as earlier on outlined hold for the differences, some regional poverty rankings have changed when you observe 2002/3 surveys results. With 'snap shots' kind of surveys it is very hard to distinguish those provinces which are transitorily poor due to seasonal effects with those that are chronically poor. This factor could also explain the implied high poverty levels for Western Province between 1991and 2006.

12.10.1. Trends in Incidence of Extreme Poverty

Table 12.8 refers to poverty rates over the period 1991 to 2006 of the people whose incomes cannot afford a minimum basic food basket, which gives a minimum amount of calories for subsistence living. Overall, there was a considerable decline in the incidence of extreme poverty from 58 percent in 1991 to 51 in 2006. The decline in extreme poverty is so pronounced in rural areas from 81 percent in 1991 to 67 percent in 2006. Urban population has experienced sluggish decline in extreme poverty. In 1991 the rate was 32 percent, and this declined to 24 percent in 1993. However, this pattern was discontinued. From 1996 to 1998 the rate rose from 27 to 36 percent respectively, and in 2004 it fell marginally to 34 percent. In 2006 it has continuously dropped further to 20 percent.

Across the provinces, differentials in rates of decline are noticeable from table 12.8. In Central Province incidence of extreme poverty in 1991 was 56 percent, but in 2006 it rose to 59 percent. Similarly, in Lusaka Province the incidence of extreme poverty dropped markedly from 19 percent in 1991 to 20 percent in 2006. All the other provinces experienced decline in incidences of extreme poverty.

Table 12.8: Extreme Poverty Trends from 1991 to 2006

Residence/ Province	1991	1993	1996	1998	2004	2006
	Incidence of Extreme poverty	Incidence of Extreme poverty	Incidence of Extreme poverty	Incidence of Extreme poverty	Incidence of Extreme poverty	Incidence of Extreme poverty
All Zambia	**58**	**61**	**53**	**58**	**53**	**51**
Residence						
Rural	81	84	68	71	53	67
urban	32	24	27	36	34	20
Province						
Central	56	71	59	63	63	59
Copperbelt	44	28	33	47	38	27
Eastern	76	81	70	66	57	65
Luapula	73	79	64	69	64	61
Lusaka	19	24	22	35	29	16
Northern	76	72	69	66	60	64
North Western	65	76	65	64	61	57
Southern	69	76	59	59	54	58
Western	76	84	74	78	73	73

Incidence of extreme poverty in Eastern Province reduced substantially from 76 percent in 1991 to 65 percent in 2006, implying that more and more people in Eastern Province were able to afford the cost of basic food basket. In Northern Province, roughly two out of ten were living in extreme poverty in 1991 whilst four out of ten were living in extreme poverty in 2006. Western Province experienced a marginal decline, 76 percent of population in 1991 lived in extreme poverty, 73 percent of the population in 2006 lived in extreme poverty.

Incidence of poverty in Copperbelt declined by 11 percentage points from 44 percent in 1991 to 27 percent in 2006. In Luapula Province the incidence reduced by 13 percentage points, in North Western it reduced by 7 percentage points and in Southern Province it reduced by a sizeable margin, 11 percentage points.

12.11. Percentage Change in Incidence of Poverty between 2004 and 2006

Table 12.9 shows that overall, incidence of poverty in Zambia reduced by 6.3 percent between 2004 and 2006. Poverty in rural areas increased by 2.5 percent while in urban areas it reduced by 55.9 percent during this period under consideration.

Variations in poverty reduction were evident across the Provinces. Poverty levels in Lusaka Province reduced significantly by 65.5 percent. This was followed by Copperbelt Province where poverty rate reduced by 33.9 percent. Poverty rates also declined in Southern province by 9.5 percent. On the whole poverty levels declined in Northern western and Central Provinces at 5.5 percent however poverty incidences increased considerable in central province at 11.4 percent.

Table 12.9: Percentage Change in Poverty between 2004 and 2006

Location	2004	2006	Percentage change
	Incidence of poverty	Incidence of poverty	
Zambia	68	64	-6.3
Residence			
Rural	78	80	2.5
Urban	53	34	-55.9
Province			
Central	76	72	-5.5
Copperbelt	56	42	-33.3
Eastern	70	79	11.4
Luapula	79	73	-8.2
Lusaka	48	29	-65.5
Northern	74	78	5.1
North Western	76	72	-5.5
Southern	69	63	-9.5
Western	83	84	1.2

12.12. Summary

As at December 2006 constant prices the Cost of Basic Needs Basket (CBNB) food and non- food inclusive was K93, 872 per adult person per month. Overall, 64 percent approximately 7,480,000 of the Zambian population lived below K93, 872 for their daily needs. Additionally, 53 percent of 7,480,000 Zambians could not afford to meet the cost of basic food basket of K78, 223 per adult person per month.

In general poverty levels reduced marginally from 68 percent in 2004 to 64 person in 2006 Rural poverty increased sizeably from 78 percent in 2004 to 80 percent in 2006. On contrast, however urban poverty decreased slightly from 49 percent in 1991 to 53 percent in 2006.

Incidence of extreme poverty in rural areas declined massively from 81 percent in 1991 to 53 percent in 2006 while in urban areas there was a slight increase from 32 percent in 1991 to 34 percent in 2006.

Reduction of extreme poverty in Eastern province was considerably pronounced from 76 percent in 1991 to 57 percent in 2006.