



Prices

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Poverty Analysis

Poverty Datum Lines – July 2016

Main findings

- The Food Poverty Line (FPL) for one person in July 2016 was \$30.00.
- The Food Poverty Line (FPL) for an average of five persons per household in July 2016 was \$151.00.
- The Total Consumption Poverty Line (TCPL) for one person stood at \$96.00 in July 2016.
- The Total Consumption Poverty Line (TCPL) for an average of five persons per household stood at \$480.00 in July 2016.

Concepts and definitions

The poverty datum line (PDL) represents the cost of a given standard of living that must be attained if a person is deemed not to be poor. The food poverty datum line (FPL) represents the minimum consumption expenditure necessary to ensure that each household member can (if all expenditures were devoted to food) consume a minimum food basket representing 2 100 calories.

An individual whose total consumption expenditure does not exceed the food poverty line is deemed to be very poor.

The total consumption poverty line (TCPL) which is naturally higher than the FPL was derived using the data for 2011/12. It was derived by computing the non-food consumption expenditures of poor households whose consumption expenditures were just equal to the FPL. The amount was added to the FPL, if an individual does not consume more than the TCPL, he or she is deemed poor. The analysis uses the per capita consumption expenditure, and an average of five persons is used based on the average size of households as established by the 2002 and 2012 Population Census.

Detailed results

The national food poverty line (FPL) as at July 2016 stood at \$30.29. This means that the minimum needs basket cost that much per person in July 2016. This represents a decrease of 0.2 percent over the June 2016 figure of \$30.37.

The July 2016 FPL for an average of five persons in Zimbabwe stood at \$151.46. This represented a decrease of 0.2 percent when compared to the June 2016 figure of \$151.84.

The Total Consumption Poverty Line (TCPL) for Zimbabwe stood at \$95.93 per person in July 2016. This means that an individual required that much to purchase both non-food and food items as at July 2016 in order not to be deemed poor. This represents a decrease of 0.24 percent when compared to the June 2016 figure of \$96.17.

The TCPL for an average of five persons stood at \$479.66 in July 2016. This means that an average household required that much to purchase both food and non-food items for them not to be deemed poor. This represents a decrease of 0.24 percent when compared to the June 2016 figure of \$480.84.

The poverty datum lines vary by province as prices vary from place to place. The TCPL for an average household in July 2016 ranged from \$430.00 in Midlands Province to \$574.00 in Matabeleland North Province. The differences are explained by differences in average prices in the provinces.

The quantities of commodities consumed at base year in the minimum needs basket which is consistent with the preferences of the poor individuals and households in Zimbabwe are fixed. The variations in the value of the basket are explained by changes in average prices.

NOTE: The relationship between the PDL and the minimum wages is given below.

- The TCPL of \$480.00 represents the total income needed for five members of the household (with all their income added together) as a minimum for them not to be deemed poor. The International Labour Organisation (ILO) is considered the guru on labour and employment issues. Its position on PDL in relation to wages and salaries is shown in Appendix 1.

Food Poverty Datum Lines per person per month

| | Manicaland | Mash Central | Mash East | Mash West | Mat North | Mat South | Midlands | Masvingo | Harare | Bulawayo | Zimbabwe | Percentage (%) | |
|------|------------|--------------|-----------|-----------|-----------|-----------|----------|----------|--------|----------|----------|----------------|--------|
| | | | | | | | | | | | | Monthly | Annual |
| 2009 | 25.77 | 25.28 | 27.36 | 26.43 | 30.50 | 29.16 | 27.01 | 28.01 | 27.27 | 27.53 | 27.39 | | |
| 2010 | 27.35 | 27.22 | 28.60 | 28.49 | 31.83 | 30.64 | 28.74 | 29.66 | 28.89 | 30.62 | 29.17 | | 6.5 |
| 2011 | 28.19 | 28.44 | 28.78 | 28.99 | 32.42 | 32.15 | 29.16 | 30.14 | 29.45 | 29.98 | 29.74 | | 1.9 |
| 2012 | 31.90 | 31.54 | 32.02 | 33.53 | 37.63 | 37.15 | 31.62 | 33.06 | 33.34 | 31.42 | 33.25 | | 11.8 |
| 2013 | 28.95 | 30.00 | 28.48 | 31.11 | 39.86 | 37.12 | 29.66 | 31.21 | 32.66 | 31.65 | 31.90 | | -4.1 |
| 2014 | 28.93 | 30.17 | 29.30 | 31.64 | 39.27 | 36.53 | 28.84 | 30.14 | 30.25 | 31.71 | 31.52 | | -1.2 |
| 2015 | 28.45 | 30.11 | 29.40 | 30.72 | 37.64 | 35.26 | 28.08 | 29.79 | 32.29 | 31.17 | 31.16 | | -1.1 |
| 2011 | | | | | | | | | | | | | |
| Jan | 28.21 | 29.55 | 29.72 | 29.49 | 34.19 | 33.04 | 29.94 | 30.68 | 31.00 | 30.63 | 30.60 | 7.3 | 13.9 |
| Feb | 29.92 | 29.48 | 30.17 | 30.12 | 35.63 | 31.79 | 30.82 | 30.79 | 30.77 | 30.31 | 30.94 | 1.1 | 10.5 |
| Mar | 28.69 | 29.09 | 29.59 | 29.80 | 33.70 | 32.02 | 29.78 | 30.27 | 30.26 | 29.26 | 30.21 | -2.3 | 7.5 |
| Apr | 28.40 | 29.21 | 29.38 | 29.56 | 33.11 | 32.13 | 30.06 | 31.53 | 29.25 | 29.99 | 30.23 | 0.1 | 0.2 |
| May | 28.52 | 29.69 | 29.45 | 30.22 | 34.26 | 32.50 | 29.88 | 32.41 | 28.91 | 29.43 | 30.48 | 0.8 | -1.3 |
| Jun | 26.66 | 27.38 | 26.58 | 26.98 | 30.72 | 33.58 | 27.57 | 30.42 | 28.19 | 28.94 | 28.63 | -6.1 | -9.2 |
| Jul | 28.56 | 27.62 | 27.53 | 27.99 | 30.26 | 31.36 | 27.70 | 30.83 | 28.38 | 29.24 | 28.92 | 1.0 | -6.0 |
| Aug | 31.35 | 32.23 | 31.29 | 30.90 | 34.16 | 34.31 | 32.81 | 32.01 | 32.93 | 33.07 | 32.49 | 12.3 | 11.3 |
| Sep | 27.04 | 27.58 | 28.29 | 27.80 | 31.87 | 31.14 | 28.08 | 29.08 | 28.32 | 29.04 | 28.79 | -11.4 | -0.7 |
| Oct | 27.34 | 26.79 | 28.06 | 27.54 | 30.37 | 31.47 | 27.72 | 27.63 | 28.52 | 29.79 | 28.49 | -1.0 | 0.7 |
| Nov | 27.33 | 26.03 | 27.88 | 28.65 | 30.48 | 30.97 | 27.81 | 28.73 | 28.96 | 30.15 | 28.66 | 0.6 | -1.5 |
| Dec | 26.64 | 27.23 | 27.76 | 29.07 | 30.90 | 31.63 | 28.19 | 27.76 | 28.33 | 30.18 | 28.73 | 0.2 | 0.8 |
| 2012 | | | | | | | | | | | | | |
| Jan | 27.04 | 28.23 | 28.82 | 29.66 | 33.18 | 32.63 | 28.14 | 29.58 | 28.57 | 29.63 | 29.49 | 2.7 | -3.6 |
| Feb | 27.66 | 28.75 | 29.25 | 29.88 | 33.44 | 32.50 | 28.81 | 30.38 | 28.91 | 31.63 | 30.07 | 2.0 | -2.8 |
| Mar | 27.92 | 29.21 | 30.04 | 30.82 | 30.03 | 32.00 | 29.80 | 32.16 | 29.35 | 29.84 | 30.09 | 0.1 | -0.4 |
| Apr | 36.34 | 34.35 | 35.12 | 38.08 | 39.96 | 35.48 | 30.57 | 33.52 | 31.42 | 31.42 | 34.51 | 14.7 | 14.1 |
| May | 34.04 | 33.63 | 35.52 | 37.95 | 38.91 | 39.56 | 31.32 | 33.34 | 35.62 | 31.15 | 34.99 | 1.4 | 14.8 |
| Jun | 33.46 | 32.35 | 31.58 | 35.84 | 38.55 | 39.40 | 34.42 | 32.35 | 34.31 | 29.83 | 34.09 | -2.6 | 19.1 |
| Jul | 32.75 | 32.20 | 32.03 | 31.70 | 38.03 | 38.30 | 32.48 | 34.22 | 33.29 | 28.57 | 33.24 | -2.5 | 15.0 |
| Aug | 33.38 | 32.14 | 33.67 | 33.94 | 37.38 | 37.07 | 31.91 | 34.42 | 34.76 | 29.07 | 33.69 | 1.4 | 3.7 |
| Sep | 36.91 | 33.16 | 35.37 | 34.97 | 39.84 | 38.90 | 31.70 | 33.77 | 36.73 | 29.39 | 34.94 | 3.7 | 21.4 |
| Oct | 32.26 | 32.51 | 32.94 | 34.79 | 39.29 | 41.19 | 37.08 | 36.21 | 37.94 | 37.39 | 36.05 | 3.2 | 26.6 |
| Nov | 35.01 | 33.08 | 34.01 | 35.40 | 38.95 | 40.82 | 35.58 | 39.26 | 38.97 | 38.68 | 36.89 | -2.8 | 28.7 |
| Dec | 28.16 | 29.65 | 27.20 | 30.78 | 46.56 | 39.62 | 29.01 | 28.80 | 32.26 | 32.09 | 31.97 | -13.3 | 11.3 |
| 2013 | | | | | | | | | | | | | |
| Jan | 28.54 | 31.11 | 27.67 | 30.35 | 37.35 | 38.29 | 30.34 | 32.56 | 32.55 | 31.49 | 31.87 | -0.3 | 8.1 |
| Feb | 28.95 | 31.17 | 29.17 | 31.51 | 42.51 | 39.23 | 29.58 | 32.72 | 35.62 | 31.77 | 32.96 | 3.4 | 9.6 |
| Mar | 29.84 | 30.71 | 28.90 | 32.07 | 41.69 | 39.95 | 30.56 | 32.27 | 35.45 | 32.29 | 33.14 | 0.5 | 10.1 |
| Apr | 29.76 | 30.34 | 27.83 | 32.00 | 40.19 | 39.16 | 30.17 | 31.95 | 33.15 | 32.12 | 32.46 | -2.0 | -5.9 |
| May* | 29.52 | 30.35 | 27.79 | 31.53 | 39.18 | 37.47 | 30.51 | 31.54 | 32.64 | 31.86 | 32.08 | 6.8 | -0.9 |
| Jun | 29.27 | 30.18 | 27.90 | 31.15 | 41.90 | 36.95 | 29.96 | 31.44 | 32.72 | 32.00 | 32.13 | 0.2 | 1.9 |
| Jul | 29.08 | 29.78 | 29.19 | 31.93 | 38.69 | 35.33 | 29.36 | 31.02 | 32.04 | 31.64 | 31.68 | -1.4 | 3.0 |
| Aug | 28.79 | 28.86 | 28.60 | 31.04 | 39.74 | 36.21 | 29.27 | 30.24 | 32.23 | 31.03 | 31.43 | -0.8 | 0.8 |
| Sep | 28.74 | 29.43 | 28.50 | 30.47 | 38.53 | 36.00 | 28.61 | 30.24 | 31.74 | 31.14 | 31.19 | -0.8 | -3.5 |
| Oct | 28.14 | 28.76 | 28.56 | 30.33 | 39.56 | 35.98 | 29.22 | 30.42 | 31.68 | 31.31 | 31.22 | 0.1 | -6.4 |
| Nov | 28.32 | 29.56 | 28.56 | 30.47 | 39.62 | 35.63 | 29.14 | 30.06 | 31.42 | 31.49 | 31.26 | 0.1 | -8.4 |
| Dec | 28.50 | 29.89 | 29.16 | 30.58 | 39.62 | 35.64 | 29.29 | 30.29 | 31.03 | 31.65 | 31.41 | 0.5 | 6.2 |
| 2014 | | | | | | | | | | | | | |
| Jan | 29.26 | 29.64 | 29.80 | 31.78 | 39.99 | 36.23 | 29.65 | 31.28 | 30.91 | 31.91 | 31.89 | 1.5 | 8.2 |
| Feb | 29.21 | 29.59 | 29.74 | 31.72 | 39.92 | 36.17 | 29.60 | 31.22 | 30.85 | 31.85 | 31.83 | -0.2 | 4.4 |
| Mar | 28.97 | 29.80 | 29.15 | 31.71 | 40.86 | 35.87 | 29.25 | 30.61 | 30.45 | 31.89 | 31.63 | -0.6 | 3.2 |
| Apr | 29.13 | 30.00 | 28.85 | 31.46 | 40.72 | 36.46 | 29.23 | 30.30 | 30.16 | 31.84 | 31.56 | -0.2 | 5.1 |
| May | 29.64 | 30.69 | 28.90 | 31.81 | 40.53 | 36.07 | 29.40 | 30.46 | 30.37 | 31.81 | 31.70 | 0.4 | -1.2 |
| Jun | 29.67 | 30.66 | 30.08 | 33.38 | 39.53 | 37.54 | 29.43 | 30.00 | 30.49 | 31.79 | 31.93 | 0.7 | -0.6 |
| Jul | 29.40 | 30.39 | 29.73 | 32.58 | 38.84 | 37.04 | 28.81 | 30.03 | 30.68 | 31.71 | 31.77 | -0.5 | 0.3 |
| Aug | 28.87 | 30.54 | 29.34 | 31.47 | 38.34 | 37.23 | 28.41 | 29.76 | 30.30 | 31.48 | 31.42 | -1.1 | 0.0 |
| Sep | 28.67 | 30.20 | 29.16 | 31.16 | 38.14 | 36.59 | 28.21 | 29.70 | 29.95 | 31.62 | 31.19 | -0.7 | 0.0 |
| Oct | 28.28 | 30.04 | 29.15 | 31.15 | 38.59 | 36.32 | 27.83 | 29.47 | 29.56 | 31.40 | 31.01 | -0.6 | -0.7 |
| Nov | 27.92 | 30.27 | 28.79 | 30.64 | 38.07 | 36.83 | 28.06 | 29.36 | 29.83 | 31.80 | 30.99 | -0.1 | -0.9 |
| Dec | 28.19 | 30.29 | 28.91 | 30.90 | 37.92 | 36.01 | 28.30 | 29.63 | 29.49 | 31.42 | 30.96 | -0.1 | -1.4 |
| 2015 | | | | | | | | | | | | | |
| Jan | 28.78 | 30.20 | 29.39 | 31.11 | 38.46 | 36.78 | 28.65 | 29.90 | 30.34 | 31.61 | 31.37 | 1.3 | -1.6 |
| Feb | 28.76 | 30.36 | 29.29 | 31.06 | 37.61 | 36.25 | 28.84 | 29.75 | 32.42 | 31.60 | 31.47 | 0.3 | -1.2 |
| Mar | 28.86 | 30.32 | 29.57 | 31.66 | 39.08 | 36.94 | 28.74 | 28.91 | 31.51 | 31.37 | 31.53 | 0.2 | -0.3 |
| Apr | 28.95 | 30.45 | 30.18 | 30.97 | 39.13 | 36.71 | 28.53 | 28.75 | 31.16 | 31.78 | 31.50 | -0.1 | -0.2 |
| May | 28.88 | 30.57 | 29.95 | 31.30 | 38.14 | 36.39 | 28.25 | 29.88 | 31.20 | 31.53 | 31.47 | -0.1 | -0.7 |
| Jun | 28.88 | 31.01 | 29.84 | 30.80 | 37.81 | 35.57 | 28.07 | 30.72 | 31.04 | 31.33 | 31.39 | -0.3 | -1.7 |
| Jul | 28.27 | 30.07 | 29.71 | 31.51 | 37.57 | 34.87 | 27.76 | 30.49 | 33.69 | 31.42 | 31.41 | 0.1 | -1.1 |
| Aug | 28.01 | 29.92 | 29.53 | 30.35 | 37.07 | 34.73 | 27.44 | 30.21 | 33.53 | 30.94 | 31.04 | -1.2 | -1.2 |
| Sep | 28.04 | 30.02 | 29.34 | 29.81 | 36.78 | 34.13 | 27.27 | 30.00 | 33.33 | 31.13 | 30.86 | -0.6 | -1.0 |
| Oct | 27.88 | 29.56 | 28.77 | 29.53 | 36.99 | 33.63 | 27.28 | 29.77 | 33.21 | 30.54 | 30.59 | -0.9 | -1.4 |
| Nov | 27.87 | 29.49 | 28.70 | 30.14 | 36.66 | 34.02 | 27.98 | 29.56 | 33.21 | 30.67 | 30.71 | 0.4 | -0.9 |
| Dec | 28.20 | 29.42 | 28.52 | 30.52 | 36.44 | 33.35 | 28.23 | 29.59 | 33.09 | 30.19 | 30.65 | -0.2 | -1.0 |
| 2016 | | | | | | | | | | | | | |
| Jan | 28.40 | 29.32 | 28.58 | 31.08 | 36.98 | 33.79 | 28.23 | 29.05 | 33.46 | 29.43 | 30.71 | 0.2 | -2.1 |
| Feb | 28.22 | 29.26 | 28.75 | 30.57 | 37.02 | 33.58 | 28.31 | 28.88 | 33.36 | 30.08 | 30.68 | -0.1 | -2.5 |
| Mar | 28.41 | 29.22 | 28.55 | 30.48 | 37.27 | 33.41 | 27.86 | 28.93 | 33.63 | 29.89 | 30.64 | -0.2 | -2.8 |
| Apr | 28.37 | 29.14 | 28.48 | 30.37 | 37.22 | 33.62 | 27.70 | 28.89 | 33.55 | 29.46 | 30.55 | -0.3 | -3.0 |
| May | 28.86 | 29.17 | 28.28 | 30.48 | 36.45 | 33.28 | 27.42 | 28.61 | 33.69 | 30.16 | 30.52 | -0.1 | -3.0 |
| Jun | 28.49 | 29.25 | 28.10 | 30.74 | 36.56 | 33.32 | 27.00 | 28.47 | 32.92 | 30.06 | 30.37 | -0.5 | -3.3 |
| Jul | 28.00 | 29.14 | 28.72 | 30.45 | 37.40 | 33.32 | 26.83 | 28.29 | 32.41 | 29.75 | 30.29 | -0.2 | -3.5 |

* new basket as from May 2013 onward, see appendix 2 for details

Appendix 1

Summary of International Labour Organization (ILO) position on Poverty Datum Lines in relation to wages and salaries

The ILO Position on PDL in relation to Wages and Salaries

The Minimum Wage-Fixing Machinery Recommendation, 1928, the Minimum Wage Fixing Machinery (Agriculture) Recommendation, 1951, and the Equal Remuneration Recommendation, 1951, provided the following guidelines for minimum wage fixing bodies:

- That the minimum wage fixing, should adopt criteria which will make systems of minimum wages both an effective instrument of social protection and an element in the strategy of economic and social development,
- that minimum wage fixing should in no way operate to the prejudice of the exercise and growth of free collective bargaining as a means of fixing wages higher than the minimum, and

The Minimum Wage Fixing Recommendation, 1970 stated the purpose of minimum wage fixing as:

- Minimum wage fixing should constitute one element in a policy designed to overcome poverty and to ensure the satisfaction of the needs of all workers and their families.
- The fundamental purpose of minimum wage fixing should be to give wage earners necessary social protection as regards minimum permissible levels of wages.

ILO Criteria for Determining the Level of Minimum Wages

In determining the level of minimum wages, account should be taken of the following criteria, amongst others:

- the needs of workers and their families;
- the general level of wages in the country;
- the cost of living and changes therein;
- social security benefits;
- the relative living standards of other social groups ;
- economic factors, including the requirements of economic development, levels of productivity and the desirability of attaining and maintaining a high level of employment.

From the above discussion, ILO recommends that the PDL should be used as a benchmark or a reference point in determining minimum wages. Although the recurrent result is that minimum wages and poverty are inversely related, one cannot always conclude that a rise in the minimum wages is the most cost effective way to reduce poverty. It is also important to note that there may be more than one breadwinner in a household, so if everyone gets the minimum wage then it means that households get far more than what the household would need.

Appendix 2

COMPARING THE OLD BASKET WITH THE NEW BASKET

The office adopted a new poverty basket based on the 2011/2012 Poverty, Income, Consumption and Expenditure Survey (PICES) in May 2013.

Users who wish to compare the old basket with the new basket are advised to multiply the old basket with the following factors

| PROVINCE | FACTORS |
|-----------------|----------------|
| Manicaland | 0.9 |
| Mash Central | 1.0 |
| Mash East | 0.8 |
| Mash West | 0.9 |
| Mat North | 1.0 |
| Mat South | 1.0 |
| Midlands | 0.9 |
| Masvingo | 0.9 |
| Harare | 0.9 |
| National | 0.9 |

Appendix 3

Comparison between the Poverty Datum Line (PDL) produced by ZIMSTAT and the Consumer Council of Zimbabwe (CCZ)'s Basket

| | ZIMSTAT PDL | CCZ basket |
|----|--|--|
| 1. | ZIMSTAT produces a PDL from a basket of commodities on a monthly basis. | The CCZ does not produce a PDL but it produces the cost of a basket of commodities on a monthly basis. |
| 2. | ZIMSTAT uses an average of five persons based on the average size of households as established by the 2002 and 2012 Population Census. | The CCZ uses an average of six persons. It is not clear which method is used to determine the average of six persons. |
| 3. | ZIMSTAT uses a sample drawn from all the districts of the country. The sample is selected from the Poverty, Income, Consumption and Expenditure Survey (PICES) which is carried out after every five years. | The CCZ draws its sample from the five urban areas where they have regional offices namely, Harare, Bulawayo, Gweru, Mutare and Masvingo only. |
| 4. | The sample is selected using scientific sampling methods. | The CCZ prices are collected from 8 supermarkets. |
| 5. | ZIMSTAT produces the PDL as official statistics to be used by Government, policy makers, the business community, individual researchers and other users countrywide. | The CCZ produces the 'The CCZ Basket' to be used by consumers and as a guide to consumers when purchasing groceries and other household goods and even indicate which shops are cheap. |
| 6. | The Poverty Datum Line (PDL) produced by ZIMSTAT represents the cost of a given standard of living that must be attained if a person is deemed not to be poor. The food poverty datum line (FPL) represents the minimum consumption expenditure necessary to ensure that each household member can (if all expenditures were devoted to food) consume a minimum food basket representing 2 100 calories. | The CCZ Basket does not use the concept of a minimum food basket representing 2 100 calories. |
| 7. | The Poverty Datum Line (PDL) compiled by ZIMSTAT covers the whole country i.e. both in urban and rural areas. | The CCZ Basket covers 5 urban areas only i.e. Harare, Bulawayo, Gweru, Mutare and Masvingo. |

| | | |
|-----|--|---|
| 8. | The Poverty Datum Line (PDL) produced by ZIMSTAT is based on the Poverty, Income, Consumption and Expenditure Survey (PICES) which is done after every five years according to international standards in which households in both urban and rural areas indicate all their actual total consumption in the administered daily record books. From the survey, a basket is derived which includes all the 12 divisions within the United Nations Classification of Individual Consumption According to Purpose (COICOP) classification. | The CCZ Basket is based on private research done by the CCZ on what urban poor households generally consume from the following items, food, toiletry and housing, transport, health and clothing and the cost of that basket. |
| 9. | Within the 3 500 outlets in the ZIMSTAT sample, prices of the commodities are collected every month in line with international best practice. Geometric means are computed for every item as recommended by international standards in line with United Nations Manuals. | In the five urban areas covered by the CCZ, the CCZ collects prices of the selected commodities within the CCZ Basket twice a month. |
| 10. | 495 items are covered by ZIMSTAT through the Consumer Price Survey (CPS) including all the items in the CCZ basket. | 22 items are covered by the CCZ. |
| 11. | ZIMSTAT collects prices for each product every month. | The CCZ Basket indicates price movements of 22 items on a monthly basis. |
| 12. | ZIMSTAT collects prices from outlets which include supermarkets, departmental stores, specialised stores, open markets like Mbare Musika, etc. | The CCZ prices are collected from 8 supermarkets. |

Note: Appendix 3 has been motivated by the confusion that seemed to arise from the Poverty Datum Line (PDL) produced by ZIMSTAT and the CCZ Basket produced by the Consumer Council of Zimbabwe. This appendix is included in an attempt to remove the confusion between the two products.