# **BNNB Statement 8th October, 2021**

# **Has the 2022 National Budget Responded to the High Cost of Living in Zambia?**

The cost of living for a family of five living in Lusaka as measured by the JCTR Basic Needs and Nutrition Basket (BNNB) in the month of October 2021 stood at K8, 268.72. This is a K205.73 decrease from K8, 474.45 recorded in September 2021. The downward movement in the basket is attributed to reduced prices of items such as 40kg of vegetables which went down by K73.13 from K511.75 to K438.62, 14kg of other fruits which reduced by K61.58 from K376.23 to K314.65. Additional reductions were noted in 10 litres of milk which moved to K244.26 from K291.29, a K47.03 drop, 16kg of bananas went down by K29.6 from K218.07 to K188.47, 1kg pounded groundnut reduced to K34.95 from K60.51, a K25.54 decline, 3 trays of eggs went down by K18.86 from K157.28 to K138.42, and 5kg of chicken reduced by K15.35 to K290.72kg from K306.06. However, the October basket also recorded price increases when recorded in items such as 1kg of kapenta which increased by K64.31 from K226.32 to K290.63, 6kg of cassava meal which went up by K19.7 from K78.01 to K97.71 and 4kg of rice that rose by K11.56 from K78.67 to K90.23.

In interrogating the October basket, JCTR notes that the shift in seasons continues to affect price movements in selected items on the basket. One such price is that of vegetables. On the other hand, following the drastic movement in the exchange rate in the month of August, the price of imported goods such as fruits has continued to go down. Other items such as chicken and eggs have also been impacted by this movement given the influence of the exchange rate on inputs such as feed.

Within October, the country saw the presentation of the 2022 national budget under the theme “Growth, jobs and taking development closer to the people. Some notable measures meant to address the high cost of living and welfare of citizens include: the stabilisation of macro-economic variables such as inflation, reform of the Farmer Input Support Programme (FISP) and the provision of incentives for enhanced output and production. Other measures include the increase in the non-taxable income threshold from K4, 000 to K4, 500, the employment of 30, 000 teachers and 11, 200 health workers, the abolishment of school tuitions, PTA and examination fees. Another notable measure is the increased allocation to the Constituency Development Fund (CDF).

A question worthy of reflection therefore is what is the implication of these pronouncements specifically on the high cost of living?

JCTR posits that specifically for FISP, systematic reform is urgent if the program is to register any successes especially in relation to graduating farmers from the program. JCTR further notes that the provision of incentives for enhanced output and production could potentially see the much needed job creation. This is progressive move, given the high unemployment levels. Secondly, provision of incentives and upward movement in the non-taxable income threshold, will enable workers to have additional income; albeit at a low level. The cost of living has remained over K8, 000 in Lusaka since the beginning of 2021. Additionally, the creation of 41, 200 jobs in 2022 is a welcome move given its impact on social service delivery and household incomes. JCTR is also optimistic that the abolishment of tuition, PTA and examination fees will see the freeing up of household income and thereby cushion households in this difficult economic context. The increase in the nominal budget allocation, transfer amounts and beneficiaries with regards Social Cash Transfer, pay out of owed pension benefits and increased CDF allocations hold promise in improving socio-economic conditions of the poorest in our society.

JCTR, however, notes that insights from the JCTR Rural Basic Needs and Nutrition Basket and other research works relating to social service delivery reveal that lack of/limited housing/amenities and support infrastructure is one of the driving factors of poor retention of staff especially in the rural areas. JCTR therefore recommends that government addresses these challenges in order to enable the various proposed interventions to deliver the desired outcomes. This should be coupled with timely and diligent execution of the proposed budget to deliver growth, jobs and people driven development. JCTR therefore urges government to develop an enhanced monitoring and evaluation framework during the implementation of the 2022 national budget.

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