## **BNNB Statement 6th November, 2020**

# **Rising inflation, Increasing Debt and Fuel Shortages Eroding Decent Living Standards**

As the year 2020 is drawing to a close, Zambia has seen a rise in the cumulative number of COVID-19 cases which now stand at 16,770 since the first two cases were recorded in March 2020. The nation has in the past few months witnessed job losses, reduced economic activities and is projected to close the year with an economic growth rate of minus 4.2 per cent. The current context is also characterised by a 16% inflation rate (year on year for the month of October 2020), discussions around Zambia’s increasing debt levels and the call by Government for debt cancellation to free up its fiscal space in view of COVID-19. The country has also in the past few weeks seen a shortage in the supply of fuel in some parts. This notable shortage brings about its own challenges in the production chain crippling business activities as fuel is an essential input in the economy.

The cost of living for a family of five as measured by the JCTR for the month of October 2020 stood at K7,060.29, a decline of K11.08 from the September basket of K7,071.37. The reduction in the basket can be attributed to reductions in some food items. Other fruits moved from K261.19 to K206.65 for 14kg, showing a reduction of K54.54, kapenta reduced by K40.22 moving from K231.62 to K191.40 per kg, banana reduced from K181.66 to K163.57 showing a decline of K18.09, soya pieces reduced by K14.97 moving from K104.85 to K89.88. These reductions where however offset by increases in items such as mealie meal which moved from K164.85 in September to K187.28 showing an increase of K22.43, vegetables increased by K16.23 moving from K413.96 in September to K430.19 in October. From the non-food but essential items, petroleum jelly increased by K39.49 moving from K31.00 in September to K70.49 in October and the price of charcoal increased by K18.67 moving from K273.33 to K292.00.

Undoubtedly, individuals, households and firms are facing significant challenges given the prevailing context. The JCTR therefore calls on the Government to address the key challenges that the nation is facing. For one, the shortage of fuel needs to be urgently addressed given the important role it plays in facilitating various economic activities.

The Centre also continues to put emphasis on the need to guard against increases in macroeconomic variables such as inflation which further erodes the disposable incomes of households thereby compromising living standards. The JCTR reiterates the need to rein in an expansionary fiscal stance that has over the years threatened the delivery of robust and inclusive social and economic development. In our quest for a better Zambia, the poor and the marginalized must not be ignored.

**For further clarifications contact the Social and Economic Development (SED) Programme at the Jesuit Centre for Theological Reflection (JCTR) on 0955295881 and 0954755319. Email:** [**jctr.sed@gmail.com**](mailto:jctr.sed@gmail.com) **and** [**jctr.info@gmail.com**](mailto:jctr.info@gmail.com)**. Martin Mwamba Road, Plot 3813 Martin Mwamba Road, Olympia Park – Lusaka. P. O. Box 37774 Lusaka – Zambia**

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