

BNNB Statement

8th September, 2020

A Call for the Pro-poor Budget to Address the Rising Cost of Living

The COVID-19 pandemic erupted when most countries had just begun to implement their 2020 national budgets. Zambia in particular recorded its 1st two cases in March 2020 with the dynamic having changed significantly since then. In the months following, the short-term priority has really been to redesign and implement responses to the crisis primarily through emergency budget instruments such as supplementary budgets, contingency funding and policy pronouncements. One such example has been the recent decision by Government through the Bank of Zambia to lower the monetary policy rate to 8.0% from the previous 9.25% in order to improve stability in the financial economy. As the country prepares the 2021 National Budget, there is a need to take stock of the still uncertain impact of the COVID-19 crisis in the context of a number of macroeconomic factors such as the fragile state of economy characterised by negative growth rates of about 4%, the weakening of the local currency and the high annual inflation, although having dropped to 15.5% for the month of August according to the Zambia Statistics Agency still remains an undesirable macroeconomic indicator as a double digit figure.

The Jesuit Centre for Theological Reflection (JCTR) Basic Needs and Nutrition Basket (BNNB) for the month of August 2020 stood at K7, 178.22. Reflecting a reduction of K26.02 from the month of July 2020 that stood at K7, 204.24. Reductions in the basket were noted in prices of the following food items; other fruits such as oranges and apples moved from K283.33 to K244.33; cassava flour moved from K135.50 to K100.91 for 6Kg; roller mealie meal moved from K175.71 to K 161.00 for two 25kg bags; pounded groundnuts (1kg) fell from K102.16 to K80.20; and beans moved from K121.52 to K104.84 for 3Kg. Increases were however recorded in the prices of kapenta that rose sharply from K188.19 to K301.21; and vegetables that increased from K442.93 to K493.39 for 40Kg. From the non-food but essential items the price of charcoal increased from K266.67 to K272.00 for two 90kg bags from the preceding month. Other items specifically washing soap, vaseline and tissue recorded minimal increases of between K1 and K6.

JCTR remains concerned with the sustained high living cost that has averaged over K7000 over the past 7 months. The basket is high given that most commodities cannot be accessed by poorest and vulnerable households who have low incomes to afford basic necessities. From the August basket particular attention is placed on the sharp increase in the price of kapenta, a nutritious food item which is a source of protein, omega 3 and omega 6 fatty acids due to reduced supply. This entails that consumers will have to spend more to access this food item. This becomes a challenge at household level due to constrained income levels that have been threatened by the pandemic. Vegetables is another case in point which during the dry season tend to increase in cost due to scarcity. In spite of this, JCTR is pleased that roller mealie meal, cassava, pounded groundnuts and fruits have continued to record a price-decline. JCTR therefore calls on households to deliberately incorporate roller mealie meal, pounded groundnuts and vegetables in their daily diets in order to improve nutritional outcomes especially during this time of the pandemic.

As attention shifts to the 2021 national budget, JCTR urges government to continue prioritising social protection programmes, especially social cash transfer, as a way of addressing the rising of cost of living in the poor and vulnerable households. Minister of Finance recently indicated that government intend to scale-up social cash transfer payments in the coming year to provide some additional support to the social cash transfer component

of the budget. JCTR would like to see social cash transfer benefiting many more poor households than is the case at the moment. The importance of attending to the needs of the most vulnerable people in our society cannot be overemphasized.

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