BNNB Statement 9th December, 2020

**Cushioning of Households: A Timely Socio-Economic Intervention**

The cost of living for a family of five as measured by the Jesuit Centre for Theological Reflection (JCTR) for the month of November 2020 stood at K7, 126.62. This is a K66.31 increase from K7, 060.29 recorded in October. The increase in the basket is attributed to increase in the prices of food items such as beans which moved upwards by K71 from K109.86 to K180.58 for 3kg, vegetables increased by K30.39 moving from K430.19 to K460.58 per 40kg, kapenta increased by K25.53 moving from K191.40 to K216.93 per kg, bananas increased from K163.57 to K188.36 for 16 kg, Irish potatoes increased by K21.38 from K37.82 to K59.20, soya pieces increased by K15.28 moving from K89.88 to K105.16. For the non-food but essential items, the price of charcoal increased by K26 moving from K292.00 to K318.00. These price increases were however offset by price declines in some items. Cassava moved from K88.03 to K74.76 for 6kg showing a decline of 13.43 and chicken reduced by K10.48 moving from K193.56 to K183.08. From the non-food but essential items, the price of petroleum jelly reduced by K20.06 moving from K70.49 in October to K50.43 in November.

Food expenditures are not only a key national poverty indicator but also linked to dietary intake and nutritional outcomes for households. The increase in the price of certain food items may be as a result of an increase in demand for such foods as people switch from the more expensive foods to the less expensive ones. For example, households switching to buying more of beans as the price of chicken and beef increases thereby affecting diet diversity. Additionally, the scheduled fish ban for December 2020-February 2021 likely contributed to reduced supply (in anticipation of price increases during the fish ban period) leading to price increases in items such as Kapenta.

With only a month left to the end of 2020, a critical reflection on our nation’s state of affairs is a must. The nation’s socio-economic context continues to be a challenging one. Albeit, opportunities even in this narrative abound. COVID-19 cases as a proportion of total tests remain low with only 15 confirmed cases out of 9689 tests conducted on December 7th. Recovery rates also remain high standing at 96% of the 17,931 cumulative cases recorded as at 7 December 2020. Positive outcomes in this regard may impact positively on Zambia’s tourism and hospitality sector. To top it off, the rains have commenced and projected to be favourable for the 2020/21 farming season. JCTR commends Government for the continued commitment to ensure the timely distribution of inputs. This commitment in addition to other factors saw a bumper harvest recorded in the 2019/20 farming season with maize production standing at 3.4 million tonnes, 66 percent above the reduced outturn in 2019.

However, the nation’s key macro-economic indicators remain poor. The exchange rate of the kwacha to the US Dollar stands at K21 to US$1 with serious repercussions for an import dependent nation. Additionally, year on year inflation for November 2020 as measured by the Zambia Statistics Agency stands at 17.4 percent.

A challenging debt context characterised by rising interest payments also continues to compromise social sector outcomes. Particularly, Ministry of finance quarterly economic reports indicate lower than budgeted expenditure outturns for budget lines such as social cash transfer. As at the close of third quarter, social cash transfer recorded an expenditure outturn of only K115,000, a meagre 18.5% of the allocated amount for the first three quarters of 2020. This is in stark contrast to interest payments on debt that stood at K15,118,195 at the close of third quarter, a 94% outturn. JCTR therefore recommends the need to prioritise a debt recovery plan for Zambia given the undeniable negative effects of a rising debt burden on the Zambian populace. Adequately responding to our socio-economic challenges is dependent on addressing a constrained fiscal space.

**NOTE:** Attribute statement to Social Economic Development Programme Manager Mrs Chama Mundia.

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