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BNNB STATEMENT **November 10, 2026.**

1. The High Cost of Living Calls for Socially Responsive 2027 National Budget

Lusaka, Zambia – The Jesuit Centre for Theological Reflection (JCTR) Basic Needs and Nutrition Basket (BNNB) for a family of five in Lusaka increased to ZMW 12,253.72 in October 2026, from ZMW 11,399.64 in September 2026, representing an increase of ZMW854.08. This increase reflects the growing cost of meeting basic household needs and places additional pressure on households, particularly the poor, low-income families already struggling to afford essential goods and services. The increase was largely driven by rising prices of essential food commodities, particularly vegetables and bananas. Notable increases were recorded in the cost of, vegetables, which increased from ZMW 763.97 to ZMW 1,122.57 for a 40kg bag and bananas which went up from ZMW 18.95 to ZMW 29.06 for 1kg. These price movements highlight the continued volatility and seasonal impact on the prices of food items particularly with vegetables such as bondwe and pumpkin leaves becoming scarce this hot season. The prices of food items is expected to increase as the dry spell continues due to El-Nino.

Across the 16 districts monitored, the October BNNB revealed notable differences in the cost of basic needs, with an average of ZMW 7,660.84. Ten districts recorded costs above the average, while six were below it. Lusaka recorded the highest basket at ZMW12,253.72, followed by Ndola at ZMW 10,449.46 and Solwezi at ZMW 9,646.87. In contrast, Chinsali recorded the lowest basket at ZMW 6,043.67, followed by Mansa at ZMW 6,644.02 and Mongu at ZMW 6,702.79. In Lusaka, the cost of essential food items increased from ZMW 4,574.79 in September to ZMW 5,339.52 in October. Overall, the October BNNB indicates an increase in the cost of essential household needs, largely driven by changes in food prices.

The cost of essential food items remains a major determinant of household living costs. During October, vegetable prices recorded mixed movements across the monitored markets. In Livingstone, the cost of a 40kg bag of vegetables increased from ZMW 685.95 in September to ZMW 763.97 in October. Similarly, Choma recorded an increase from ZMW 297.88 to ZMW 313.35. In contrast, Solwezi recorded a decline in vegetable prices from ZMW 811.44 to ZMW 761.70, Ndola recorded a slight decrease from ZMW 1050.97 to ZMW 1,011,86, while Chinsali recorded a decrease from ZMW 788.91 to ZMW 566.78. These mixed movements highlight the continued volatility of vegetable prices across markets, largely influenced by variations in supply and seasonal availability. Such fluctuations have implications for household nutrition, particularly among low-income families who depend on affordable vegetables as an important source of essential nutrients.

Non-food components of the BNNB remained relatively stable in October, with no significant changes recorded in the prices of essential non-food items. Charcoal prices remained relatively stable across the monitored districts in October. In Lusaka, the price of a 90kg bag increased from ZMW 750.00 in September to ZMW 796.67 in October. In Solwezi, prices remained unchanged at ZMW 334.08, while Mpika also recorded stable prices at ZMW 180.00 in both months. These price movements indicate relative stability in charcoal prices across some districts, although the increase recorded in Lusaka adds to household expenditure. This is significant given the continued reliance of many households on charcoal as a primary source of energy.

2. What the 2027 Budget Means for the Cost of Living

The 2027 Budget Address, delivered on 6th November 2026, proposes expenditure of K284.8 billion and commits Government to translating macroeconomic gains into "a lower cost of living". Government reports that annual inflation eased to 6.3 percent in October 2026 from 11.2 percent in December 2025, helped by the maize harvest and a stronger Kwacha. The October BNNB shows that this easing is not yet being felt by many households.

Support for the poorest households: The annual budget to Social Protection has increased from K15.6 billion in 2026 to K 16.2 billion in 2027. The national budget raises the monthly Social Cash Transfer to K450 from K400 for eligible households, and to K650 from K600 for households with persons with disabilities, with coverage expanding to over 1.6 million households from 1.5 million in 2026. Though it is a commendable move by Government, The K450 is equivalent to only about 3.7 percent of the ZMW 12, 253.72 needed by a family of five in Lusaka, and about 7.4 percent of the ZMW 6, 043.67 recorded in Chinsali. The transfer cushions vulnerable households but cannot on its own make basic needs affordable. The strategy to operationalization a unified social registry in 2027 will reduce duplication of beneficiaries and Government efforts, a very commendable move. Other commendable strategies are the increase in the School Feeding Programme to K1.0 billion from K523 million in 2026. This will ensure that school-going children have a meal to eat while at school, especially children coming from vulnerable and marginalised households. Unfortunately, the Food Security Pack, which received K1.51 billion in 2026, are not budgeted for in 2027 national budget. The Food Security Pack was meant to enhance nutrition at household level, not accounting for its budgeting, especially in times of El-Nino raises the question of how to cushion households that may be prone to shocks and disaster.

El Niño preparedness: The Green Paper warns of El Niño conditions in the 2026/2027 farming season, and the growth target has been lowered from 6.0 percent to at least 4.9 percent. The 2027 Budget sets out some responses to the anticipated effects of the El Niño, which are welcome: the Disaster Risk Management Division's allocation rises to K316.5 million from K81.4 million in 2026; Government will prioritise water harvesting, dam construction and rehabilitation; digital

climate advisory services will expand to four million farmers by 2029; and more than 1,400 megawatts of non-hydro power will reduce reliance on drought-prone hydropower. However, the programmes that protect households when harvests fail have been weakened. The Ministry of Water's target for new dams falls to 9 from 16. The Farmer Input Support Programme also begins moving to a loan scheme, which could leave small-scale farmers in debt after a failed season. This is also a concern due to experiences with the Constituency Development Fund's suspended loans programme and the failure to institute a revolving fund. During the 2023/2024 drought, Government had to fund an Emergency Social Cash Transfer of K1.87 billion after the crisis had already begun.

New tax measures will reach household budgets through prices. Some of the K10.8 billion in new revenue measures, which take effect on 1st January 2027, target higher earners and companies, such as the new 39.5 percent PAYE rate on income above K37,000 per month, which leaves lower earners unaffected. Other measures aim to protect local industries and promote value addition. However, these measures aim to strengthen local manufacturing over time, although they may raise prices in the short term. Others are likely to be passed on to consumers, as summarised below:

Broadening the tax base and general revenue

VAT: The increase in VAT from 16% to 16.5% is likely to place additional pressure on household budgets by raising the cost of many goods and services captured in the JCTR Basic Needs and Nutrition Basket (BNNB). For households, the impact may be felt through higher prices of key food items such as cooking oil, bread, fish, eggs, beans and other processed foods, while non-food essentials including charcoal, transport, communication services, clothing and personal care products may also become more expensive. Given that the October 2026 BNNB for Lusaka already stands at ZMW 12,253.72, with food costs alone at ZMW 5,339.52, even a small increase in consumption taxes can further erode purchasing power, particularly among low-income households that spend most of their income on basic needs. For businesses, the higher VAT rate may increase operating costs and selling prices, potentially reducing consumer demand and slowing economic activity in sectors such as retail and services.

Although the VAT increase is expected to boost Government revenue, its impact on household welfare warrants close monitoring. Given that food price increases, particularly vegetables and bananas, were a major driver of the October BNNB increase, additional tax-induced price rises could further erode household purchasing power. This is especially significant for poor households, which spend most of their income on basic consumption and have limited capacity to absorb even small increases in the cost of food, energy, transport, and other essential goods and services

Mobile money levy: The upward revision of the mobile money levy is expected to increase the cost of digital financial transactions for both households and businesses. For households, higher charges on sending, receiving and paying money through mobile platforms may reduce disposable incomes, particularly for low-income families, informal traders and rural households that depend on remittances and mobile payments. For businesses, especially small-scale traders and mobile money agents, increased transaction costs could reduce profit margins and discourage the use of digital payment systems, potentially reversing gains in financial inclusion and encouraging a shift back to cash-based transactions. This could ultimately undermine efforts to promote affordable, accessible and efficient financial services across the country.

PAYE: The introduction of a 39.5% PAYE rate for monthly incomes above K37,000 makes the tax system more progressive by increasing the contribution of high income earners. However, the monthly tax-exempt threshold remains at K5,100, unchanged since 2024. While the Budget improves tax fairness at the top end, it provides limited relief to low- and middle-income earners facing increasing living costs.

Crude edible oils: A 15% customs duty, up from zero, applies to crude soya bean, palm and sunflower oils, alongside a 10% surtax on crude soya bean and sunflower oils. For industry, these measures aim to encourage local processing of soya beans and sunflower seeds, creating market opportunities for farmers. However, local oilseed supply falls short of demand, and palm oil is largely imported, so refiners that rely on imported crude oils face higher costs. The benefits depend on an expansion in local oilseed production. For households, cooking oil may become more expensive in the short term, although prices could ease as local production expands.

Processed meat and offal: The surtax on imported products rises to 30% from 20%. For industry, this measure aims to protect local meat processors and livestock producers, although the benefits depend on their ability to expand supply. This creates an opportunity for local livestock farmers and meat processors to supply a greater share of the domestic market and strengthen links between farmers and processing businesses. For households, imported lower-cost sources of protein become more expensive, while prices of local alternatives may also rise.

Building materials and packaging: Higher duties and surtaxes apply to ceramic tiles (40%), aluminium tubes, bars and frames (25% duty plus 20% surtax), cement packaging and woven bags (30% surtax), and float glass (25%). These measures aim to support local manufacturers, but they also raise input costs for builders, importers and firms that rely on packaging. For local businesses, the measures create an opportunity to expand production of building materials and packaging, supply a greater share of the domestic market and develop links with local input suppliers. For households, building materials and some packaged goods may become more expensive in the short term, although prices could ease as local manufacturers expand production and competition increases.

On the other hand, measures such as those on raw materials on sanitary production and environmental protection are positive movements particularly for girls and women as well as strengthening commitments towards environmental protection.

Sanitary products: The 100% duty suspension and VAT exemption on raw materials used by local manufacturers are positive steps towards making sanitary products more affordable for girls and women. The measures aim to lower production costs, creating an opportunity to reduce retail prices. For girls and women, particularly those in low-income households, the potential benefit is more affordable access to essential sanitary products. Realising this benefit requires manufacturers to pass the savings on to consumers.

Environmental protection: Excise duty on single-use plastics rises to 200% from 100%, a new levy of 80 ngwee per plastic bottle is introduced, and excise duty on selected plastic articles rises to 30% from 15%. These measures offer a positive incentive to reduce disposable plastic use and encourage a shift towards reusable alternatives. To deliver environmental benefits without placing an undue burden on low-income households, the measures should be accompanied by affordable alternatives, better waste management and recycling services and targeted safeguards to protect access to essential goods. Their success should be assessed not only by revenue raised, but also by reductions in plastic waste and the affordability of alternatives.

Agricultural investment is welcome, but food affordability needs safeguards: Agriculture, fisheries and livestock receive K22.7 billion, including K9.1 billion for the Farmer Input Support Programme and Government plans to expand irrigation, strengthen extension services and reposition the Food Reserve Agency towards strategic food reserves. In the interim, the planned shift of the Farmer Input Support Programme from a subsidy to a loan scheme from 2027 could raise costs for small-scale farmers if access is not carefully managed and the strong export orientation of the Grow Zambia Agenda must not weaken the availability of affordable, nutritious food, such as the vegetables whose prices have been so volatile, on domestic markets. The new FISP model should also have clear mechanisms for the recovery of loans. Despite the overall increase, there were reductions to the following budget lines that were a cause for concern: agriculture research and development; agriculture information services and agriculture development.

Affordable housing via the new Ministry of Housing is a welcome step: Given that housing is one of the largest costs in the basket, with a three-bedroom house in Lusaka averaged ZMW 3,967 a month, and non-food items such as rent, energy and charcoal now make up about 59 percent of the Lusaka basket. The new Ministry receives K362.9 million in 2027, almost five times the K76.0 million spent on housing under the former Ministry of Infrastructure, Housing and Urban Development in 2026. Settlement improvement is also restored at K47.8 million after receiving no allocation in 2026. However, of the 262 houses planned for 2027, only 50 are for vulnerable groups and 30 are low-cost houses through local authorities, while most are for Government institutions

and medium-cost buyers. Settlement improvement takes only about 13 percent of the Ministry's budget, even though most low-income urban families live in unplanned settlements without secure tenure, safe water or sanitation. Housing finance receives only K18.2 million. Against a national housing deficit estimated at about 1.5 million units, the Ministry's success should be measured by whether it makes decent housing affordable for low-income households, not by the number of houses built for those who can already afford them.

Fiscal consolidation must not shift the burden to the poor: Government projects a 2026 fiscal deficit of 5.9 percent of GDP against a target of 2.1 percent and aims to reduce it to 3.0 percent in 2027 through higher revenue and spending restraint. Consolidation is necessary for stability, but with K67.6 billion (23.7 percent of the Budget) going to debt service, which is almost as much as what is intended for Health and Education combined (K68.5 billion), about four times the K16.2 billion for social protection and only K2.1 billion for water supply and sanitation. Protecting the spending that cushions households becomes even more important.

Recommendations

In view of the increase in the October BNNB and the continued pressure on household purchasing power, JCTR recommends that the 2027 National Budget prioritise the following measures:

1. **Government should complement its sector growth targets with clear, annual targets and reporting requirements:** Government should establish clear targets for local processing, employment creation and domestic value retention in key sectors such as mining, agriculture and manufacturing. This should include annual reporting on the proportion of minerals processed locally, the volume of agricultural products value-added within Zambia and the number of jobs created along these value chains. Such measures would strengthen accountability and ensure that economic growth translates into meaningful improvements in household incomes and livelihoods.
2. **Transparency and participation must keep pace with the measures:** Beyond adequate allocations, JCTR looks forward to a credible and transparent budget that gives citizens meaningful opportunities to participate in its implementation and monitoring. This is particularly important given Zambia's low public participation score of 19 out of 100 in the Open Budget Survey 2025. Increased budgetary allocations particularly to key sectors must translate into tangible improvements in people's living conditions. JCTR therefore recommends that Government strengthen monitoring mechanisms to ensure that resources allocated to key sectors such as agriculture, social protection, energy and employment programmes are released and utilized prudently. Clear implementation targets, transparent reporting and regular assessments of programme outcomes should be prioritized to ensure that public resources respond to the actual needs of households.
3. **Strengthen preparedness and response to climate-related shocks:** Government should ensure that climate resilience measures and support reaches vulnerable households and

small-scale farmers before climate-related shocks translate into food insecurity. This should include strengthening community level harvesting mechanisms by ensuring that contingency of resources can be accessed promptly when drought conditions arise. Government should strengthen the integration of existing social protection programmes with disaster response mechanisms so that households affected by climate shocks receive timely assistance. This is particularly important given the potential implications of El Niño conditions on agricultural production, food availability and the cost of living.

JCTR urges Government and other stakeholders to ensure that national economic and budgetary policies prioritise the dignity and wellbeing of all people. The rising cost of basic needs should remain a central concern in economic planning, with increased resource allocation towards poverty reduction, social protection, food security and the reduction of inequality in Zambia.

A COMPARISON OF COSTS (IN KWACHA) OF BASIC NEEDS & NUTRITION BASKET ACROSS ZAMBIA

Chinsali	Chipata	Choma	Kabwe	Kasama	Kitwe	Livingstone	Luanshya	Lusaka	Mansa	Mazabuka	Mongu	Monze	Mpika	Ndola	Solwezi
6,043.67	8,654.17	6,993.40	8,178.99	7,342.75	9,137.38	9,619.42	7,687.30	12,253.72	6,644.02	7,712.18	6,702.79	7,156.70	8,300.62	10,499.46	9,646.87

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