

6th July, 2022

A CALL FOR A PRO-POOR 2023 NATIONAL BUDGET

After an estimated 1.5 percentage point increase in the international poverty rate between 2019 and 2020, the poverty headcount in Zambia is projected to have remained high, at about 60% in 2021 (the World Bank Macro Poverty Outlook, April 2022). The rise in poverty has been largely driven by falling incomes in urban areas, especially among those relying on employment income from the informal sector. A World Bank Household Monitoring phone survey found that 4 in 5 households reported a drop in income from nonfarm business, and that 1 in 3 reported a reduction or disappearance of wages due to the pandemic (ibid). A recent Socio-economic Impact Assessment conducted by the National Statistical Office found that 9 in 10 households have experienced spikes in the price of food, and that 64% of these had to reduce food consumption as a result (ibid). The hard fact is that the number of people living in poverty in Zambia remain very high.

Poverty has always been one of the major barriers to human development in Zambia since independence in 1964. No country can achieve sustained economic growth for national development without effectively addressing wide-spread poverty in its population. Unfortunately, in Zambia today we have become so much accustomed to co-existing peacefully with poverty that we no longer get alarmed when we hear of stressful stories of our brothers and sisters in poor households around the country who are struggling to barely survive due to the rising cost of living. Something is not adding up. Even if the speed at which prices are increasing is on the slowdown, the fact is that commodity prices are very high and are likely to remain that way for some time given the ever increasing fuel pump prices. This is happening in a context where incomes are very low and in some instances very miserable, especially for the unskilled category of employees such as domestic workers and shop workers. The minimum wage has remained unrevised for many years. For instance, the legal minimum wage for a domestic worker in Zambia has remained at 53 USD per month since 2011 (The Minimum Wages and Conditions of Employment (Domestic Workers) Order 2011 (S.I. No. 3 of 2011).

To illustrate how the cost of living is biting hard poor households at the beginning of July 2022, allow me to give an example of a friend, Bernard who I have known for 4 years. Bernard is employed as a guard at a private firm in Kabulonga and he lives with two dependants in Chipata township where he managed to find a small house befitting his income. Bernard's monthly income has remained static for four years at K1,500 with a take home pay of K1,432 after NAPSA and NHIMA deductions. Meanwhile Bernard's expenses have continued to grow exponentially, especially since January 2022. In the period between December 2021 and June 2022, Bernard's rentals for a very small two-bedroomed house have increased from K550 (for the house) and K75 for electricity (*ma* lights) to K600 (for the house) and K150 for electricity (*ma lights*). His other regular monthly expenses include 25kg bag of breakfast mealie-meal (increased from K110 to K140), kapenta (increased from K120 to K220 per meda or measured in a small plate (*kambale*) increased from K12 to K20, cooking oil increased from K35 to K50 per a 750 ml bottle or measured in a tiny freezit sachet for single cooking (*yopimisa*) increased from K2 to K5, and transport from Chipata to town increased from K7 to K15 one way and from town to Kabulonga increased from K11 to K17 one way.

Bernard's situation is even better off than that of other domestic workers and shopworkers I have interacted with. There are several cases out there of guards, maids and farm workers earning far less

than K1,000 per month. This is not meant to be a finger pointing exercise but rather an attempt to rally support from all stakeholders (all of us) across the country to wake up to this very sad reality and together to begin to seriously address poverty in Zambia. Poverty is not about statistics but it is about the lives of our brothers and sisters in our society who are being deprived of decent livelihood and the minimum level of human dignity.

We note that Bernard's household like several others across the country can hardly afford fruits in their food basket. Seasonal food items like fruits accounted for a negligible reduction in the JCTR's Basic Needs and Nutrition basket in April and May 2022. This therefore means that negligible price reduction of certain food items due to factors like seasonality or stabilization of the exchange rate cannot in anyway bring any relief to poor households because such food items that have registered some minimal price reduction are out of reach for these households in the first place. Put differently, reduction in food and non-food items in the past months have no impact whatsoever on the hard reality of poverty-stricken households where people are barely surviving from day to day. There is enough evidence that the social and economic conditions of the majority of the population have not improved an inch. In fact, the social and economic reality in the country is getting worse.

As we continue to interact with people living in challenging circumstances, it is very clear that the least the government can do as it puts together the 2023 national budget is to demonstrate that it is a listening government, notwithstanding the challenges of prolonged debt negotiations, by putting in place some measures to address the majority's demand for affordable food and shelter. People want not only jobs but also decent incomes and a living wage coupled with less punitive taxes. These demands are not new. The party that is now in government reverberated the people's aspirations in some of its election promises in the run up to the elections last year. The people of Zambia are keenly watching to see if the new administration is going to fulfill a great deal of its election promises by the time of its first anniversary in government next month.

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