

BNNB Statement

8th September, 2022.

POSITIVE EFFECTS OF STABILITY ACROSS KEY FUNDAMENTALS RECORDED AS AUGUST BNNB REDUCES BY K254.96

The cost of living for a family of five, as measured by the Jesuit Centre for Theological Reflection (JCTR) Basic Needs and Nutrition Basket (BNNB) for the month of August 2022 in Lusaka, stood at K9,077.86. This signifies a K254.96 decrease from the K9,332.82 recorded in July, 2022. The downward movement in the basket can mainly be attributed to price movements in certain items such as two 90kg bags of charcoal which went down by K44.00 from K900.00 (K450 per bag) to K856.00 (K428 per bag), 1kg of kapenta which went down by K56.22 from K261.67 to K205.45, 5kg of chicken which went down by K37.26 from K325.82 to K288.56 and two 25kg bags of roller mealie meal also reduced by K32.36 from K261.50 (K130.75 per bag) to K229.14 (114.57 per bag). Additionally, the basket also recorded decreases in items such as 3 trays of eggs which went down by K18.48 from K172.99 (K19.20/unit) to K154.50 (K17.17/unit) as well as 3.6 liters of cooking oil which went down by K6.00 from K204.00 to K198.00. The basket however recorded notable increases in items such as 6kg of tomatoes which went up by K8.33 from K72.36 (K12.06/kg) to K80.69 (13.45/kg) and 4kg rice which also went up by K8.92 from K94.65 to K103.57.

Price reductions are attributed primarily to the kwacha's recent appreciation against major currencies such as the US dollar, which may have resulted in lower import costs for the production of food items such as chicken, eggs and cooking oil. Additionally, the reduction in fuel pump prices effected on 1st August, 2022 has had an impact on some commodity price reductions on account of reduced production costs. It is noteworthy to mention that the influence of seasonality on both the food and non-food sections of the basket continues to affect the cost of living. This is particularly reflected in the lower price of charcoal, which may be due to a lower demand for the commodity, given the end of the cold season. While it is true that charcoal is a widely used source of energy and also an important source of livelihood for many people engaged in the charcoal value chain, the need to protect the environment and identify alternatives still remains key in the fight against the climate crisis.

Reflecting further, the month of August has largely been characterised by much anticipated policy developments. One key development in this regard is the launch of the Eighth National Development Plan under the theme "Socio-Economic Transformation for Improved Livelihood". Another important policy initiative occurred on 31st August, 2022 when the International Monetary Fund (IMF) Board approved a three-year US\$1.3 billion Extended Credit Facility to help restore macroeconomic stability and foster higher, more resilient, and more inclusive growth. JCTR commends the efforts that have been undertaken to attain this significant stride in the pursuit of debt sustainability.

JCTR recognises that the above interventions remain a step in the right direction in as far as returning the nation to a path of debt sustainability. As one can learn from Zambian economic history, elevated debt levels have ravaged economic growth and limited the ability of governments to provide fiscal

stimulus. In this regard, JCTR reiterates the importance of a financial stability agenda focused on the stability of key macroeconomic fundamentals, which have a direct impact on the cost of doing business, particularly in an import-dependent country like Zambia. Sustained reduction in fuel prices, for example, must be pursued at all costs. This is true even in the face of the rationalization of subsidies that will form one of the conditionalities of the IMF programme.

As attention shifts to the 2023 National Budget, the fact remains that a high cost of living in any given context causes suffering on the poor. The Centre urges the government to continue to create opportunities and to provide an enabling and supportive environment aimed at narrowing the gap between the cost of living and salaries (incomes) for the majority of Zambians. A similar call is extended to other stakeholders, such as the private sector, who also have a role to play to sustain the recent gains that the country is experiencing. Every effort must be made for families to receive a wage which is large enough to meet ordinary needs adequately.

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