

BNNB Statement

13th October, 2022

HAS THE HIGH COST OF LIVING IN ZAMBIA BEEN ADDRESSED BY THE 2023 NATIONAL BUDGET PRONOUNCEMENTS?

The cost of living for a family of five living in Lusaka, as measured by the Jesuit Centre for Theological Reflection (JCTR) Basic Needs and Nutrition Basket for the month of September 2022, stood at K8, 850.38. This is a K227.48 decrease from K9, 077.86 recorded in August, 2022. The downward movement in the basket is attributed to reduced prices in items such as 14kg of other fruits which went down by K38.57 from K294.00 (K21.00/kg) to K235.43 (18.52/kg), 10 litres of fresh milk which went down by K34.69 from K307.96 (15.40/500ml) to K273.27 (K13.66/500ml), 5kg chicken which went down by K36.06 from K288.56 (115.43/2kgs) to K252.50 (101.00/2kgs). The non-food but essential items section also recorded a decrease, as two 90kg bags of charcoal also went down by K22.67 from K856.00 (K428.00 per bag) to K833.33 (416.67 per bag). The basket, however, recorded notable increases in items, such as 16kg of bananas which went up by K19.36 from K287.84 (17.99/kg) to K268.48 (16.78/kg), and 40kgs vegetables which went up by K7.73 from K561.96 to K569.69.

Interrogation of the September basket revealed that the seasonal shift continues to affect price movement in selected basket items. The prices of vegetables and charcoal reflects this. On the other hand, the continuous appreciation of the kwacha against major currencies in the month of September, resulted in lower prices of imported goods such as fruits, cooking oil, eggs, milk and soya pieces. Furthermore, reductions noted in fuel pump prices effective during the month of review have an effect on the prices of some items in the basket, owing to lower productivity costs.

The country has continued to face substantial social and economic challenges. This is against the backdrop of more than fifty percent of the Zambian population living in poverty, as well as Zambia's looming debt crisis and low economic growth. Commendably, strides as reflected in the 2023 National budget have been made to bring down debt levels and foster higher, more resilient and inclusive growth. Additionally, the approved three-year Extended Credit Facility Program by the International Monetary Fund (IMF), has created the much-needed budget space for social sector spending, which is critical to the livelihood of the poor and marginalized sections of society.

The budget presented highlights initiatives aimed at improving the means by which individuals can sustain their livelihoods. Some notable measures aimed at reducing the high cost of living or improving individuals' ability to survive include: the recruitment of 4,500 teachers and 3,000 health workers, the recruitment of 256 extension officers, the scaling up of the Social Cash Transfer (SCT) Program, the introduction of the Comprehensive Agriculture Program and infield irrigation, and the development of farming blocks and terminal payments to retirees within a period of three months. A key point of reflection is the extent to which these pronouncements will affect the cost of living. As Pope John XXIII stated, the state must do everything in its power to promote the production of a sufficient supply

of material goods because it has a duty to protect the rights of all its people, particularly its weaker members, workers, women, and children.

JCTR recognises that the interventions mentioned above are a step in right direction in as far as addressing the high cost of living. Particularly, the proposed deployment of 7,756 persons in the education, health and agriculture sector will not only improve service delivery, but will eventually cushion 38,780 households. The scaling up of SCT from the planned 1,021,000 in 2022 to 1,374,500 in 2023 will also cushion the proportion of poor households receiving social assistance and provide a buffer against ongoing austerity measures and subsidy reforms.

Additionally, the increase in agricultural allocations reaffirms the significance of the sector to a developing country like Zambia, as it has the potential to stimulate the country's economic growth for improved livelihoods. As stated, it is envisioned that through the Comprehensive Agriculture Support Program, the government will commit to scrutinise the beneficiaries of the program in an effort to guarantee that only marginalised but viable farmers benefit from the scheme. This is related to the creation of farm blocks, which aim to support sustainability and diversification in the agricultural industry. Additionally, paying off unpaid pension benefits and increasing CDF allocations promises to improve socio-economic circumstances of the most vulnerable members of our community.

In light of the above, JCTR therefore proposes the following recommendations:

1. Ministry of Finance and National Planning

- Ensure timely disbursement of funds as well as diligent execution of the proposed budget to deliver economic growth and improved livelihood of the Zambian people.

2. Ministry of Agriculture

- Prioritise the scrutiny of the beneficiaries and solutions to deal with inefficiencies experienced with the Farmer Input Support Programme such as such as targeting, late delivery of inputs, insufficient input among others calls. Additionally, under the new Comprehensive Agricultural Support programme there is need for the ministry to scale up agricultural diversification to achieve food security, nutrition outcomes and improve household incomes.
- Allocation of resources towards research and development in the agriculture sector in a bid to ensure the agriculture sector is covered from the effects of climate change thus indirectly dealing with food security challenges.

3. Bank of Zambia

- Sustain efforts aimed at stabilising key macroeconomic fundamentals such as the exchange rate which in turn provides greater certainty for importation, therefore encouraging more trade and investment at local level aimed at ultimately improving prices of commodities and services.

4. Energy Regulation Board

- Consider reverting to 90-day fuel pump price review cycles as findings of the JCTR's Basic Needs and Nutrition Basket Surveys have revealed that volatility with fuel pump prices impact significantly on the prices of commodities and services on the market. Therefore, stability and predictability help ensure that such costs are not passed on to consumers.

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