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## February 2020 Basic Needs and Nutrition basket (BNNB Statement)

March 6, 2020

### **Investment in Sustainable Climate Resilient Agriculture is a Must**

While Government has made some strides in supporting some level of development, it is nonetheless evident that the country is faced with significant socio-economic challenges. Central to these challenges is the rising external debt which stands at \$11.2 billion. One of the key implications of the rising debt is the increased cost of debt servicing which continues to suffocate support to other key government functions. Evidently, we have witnessed the drastic reduction in social sector spending over the last few years. Budget outturns have remained significantly lower than planned expenditure. For example, according to the 2019 mid-year review, a 27.2 percent rise was noted in interest payments on debt partly explained by the weakening of the Kwacha against the US dollar. As a result, some expenditure lines were constrained. Social benefits in particular witnessed a low outturn of about K114million compared to a planned expenditure of over K700million.

The JCTR's Basic Needs and Nutrition Basket (BNNB) which measures the cost of living for a family of 5 stood at K7, 015.90 for the month of February 2020. This was a 5.33 percent decline from K7, 410.96 in January 2020. The basket reduced by K395.06. In February 2019, the basket stood at K5, 331.12. The drop in the February 2020 basket was mainly due to a reduction in the prices of food items such as vegetables which reduced from 669.77 in January to 391.00 in February for a monthly requirement of 40kg. Other fruits also reduced from 439.93 to 369.04, kapenta reduced from 299.07 to 202.73, onion moved from 150.88 to 58.19 and tomatoes moved from 118.58 to 60.92. For the recommended amounts of 14 kg, 1kg, 4 kg and 6 kg respectively. From the

essential non-food items, a noticeable reduction was seen in the price of charcoal which moved from K360.00 in January to K300.00 in February 2020. Additionally, the cost of housing increased to K3300 in February 2020 from K3000 in January 2020. This was obtained from recent estimates in the cost of housing. The January 2020 basket had not factored in the upward adjustment of housing prices as data was yet to be obtained.

The price reduction in the noted food items can be attributed to the favourable rainfalls that the country has experienced in the past months which led to an increase in the production of vegetables making them available and affordable. The reduction in the price of kapenta can be attributed to the lift of the fish ban on Lake Kariba and Lake Tanganyika. In February 2019, kapenta again recorded a K45.33 price decline. In the February 2020 basket, a few items, however, recorded price increases. The price of soya pieces increased to K128.85 in February from K 83.50 in January 2020. The price of eggs also moved from K83.11 to K 95.14 in the same time period.

It is nonetheless, critical to note that though a 9.48% price decline is seen in the February basket, many Zambians are still unable to afford the current cost of living. In a country where the average incomes are still over three times less than the cost of living, many are unable to meet their basic needs. Additionally, reduced social sector spending, increasing inflation rate, high levels of poverty and unemployment further compound these challenges.

The JCTR therefore notes with concern that the reduction in the cost of living may not be sustained. This may be because food items such as vegetables contributing to this reduction are greatly affected by seasonality and the amount of rainfall that the country records. The JCTR reiterates the need for Government to increase resource allocation and commitment to a more sustainable climate resilient agriculture sector. This will significantly contribute to more consistent supply of some foods and help keep prices low. It is thus imperative that Government takes proactive steps to stem imprudent

contraction of debt. Otherwise, support to agriculture and other key Government functions will remain a challenge.

For further clarifications contact the Social and Economic development (SED) at JCTR on 0955295881 and 0954755319

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