

BNNB Statement

5<sup>th</sup> June, 2020

### **An Uphill Battle for the Poor as Cost of Living Continues to Rise**

The country's COVID-19 cases at the end of May 2020 stood at over 1000 cases. Though over 74 percent recovered from the disease and deaths remained very low compared to the global average, the number of cases has more than quadrupled in a space of a month. Despite the increase in the number of COVID-19 cases, Zambia has slowly opened up her economy under the "new normal" in a bid to ensure economic activities continue and thus protect people's livelihoods. In May 2020, restaurants and casinos among others were allowed to reopen. The decision came as no surprise given the evident impact of the halting of various economic activities both on the economy and on people's livelihoods. More so, Zambia's year on year inflation rate for the month of May as measured by the Zambia Statistical Agency amidst job losses and reduced incomes increased to 16.6 percent in May 2020 from 15.7 percent in April 2020.

The Basic Needs and Nutrition basket (BNNB) for the month of May 2020 stood at K7, 195.60, an increase of K36.93 from the April 2020 basket. Increases in the basket were noted in the prices of vegetables which moved from K354.83 to K502.73, milk which increased to K170.83 from K103.28 for 10litres, bananas moved from K153.77 to K203.03, 1kg of pounded groundnuts increased from K43.95 to K79.23, 4kg of rice moved from K77.54 to K82.76, 4kg of potatoes increased to K37.99 from K30.36 for 4kg, onion increased from 80.14 to 94.07 and 3trays of eggs moved from 103.28 to 112.49. Reductions were however recorded in the prices of other fruits moving to K321.64 from K426.16, mealie meal from K250.5 to K200, and from the non-food but essential items charcoal reduced from K358.40 to K332.00.

Of interest is that items that contributed to the rise in the BNNB basket in May 2020 are foods such as eggs and milk that are nutritious sources of protein and already unaffordable to many Zambians. April 2020 also saw price increases in kapenta and chicken. It is however worthwhile to note that mealie meal has recorded a price decrease for the second month following the increase in the supply of the commodity on the market. It is worth noting that price reductions in this essential commodity come at a time when many Zambians are experiencing drastic reduction in incomes. Moreso, consumption of other food groups is already limited with many households characterised by monotonous diets consisting of carbohydrates (mostly maize) and thus being nutritionally imbalanced. Thus, continuous decrease in the price of maize at the backdrop of increase in other essential food items will likely sustain the mono diet culture. Evidently, alternative food items such as potatoes while registering a price decrease in May 2020 compared to April 2020 is still more than double the price of mealie meal per kg.

We attribute the increases in the prices of certain items to reduction in supply given the rising input costs and loss of revenue that has characterised a number of economic activities as a result of COVID-19. The COVID-19 pandemic continues to present challenges given its impact on all socio-economic fronts. With the continued increase in the cost of living, JCTR echoes the need to cushion the poorest and marginalised among us through social protection. The need for Government intervention and commitment to the disbursement of allocated funds has become more pronounced. For one, as job and income losses continue in the COVID-19 context particularly in the urban areas, social safety nets

provided to poor, rural based Zambians by friends and family may also drastically reduce. In the last few years, social protection disbursements have not tallied with budget allocations. We continue to call on Government to also extend tax relief to households in order to safeguard both citizen's economic livelihoods and nutrition status. A focus on keeping the inflation rate within set targets will also be key in protecting people's purchasing power especially given the current challenges.

**NOTE: Attribute statement to Chama Bowa-Mundia, JCTR Social and Economic Development Programme Manager**

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