



BULAWAYO BASIC NEEDS BASKET REPORT

March 2014

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BULAWAYO BASIC NEEDS BASKET ANALYSIS

The cost of the Basic Needs Basket for an urban family of five in Bulawayo has further decreased by approximately 1.37 %, from US\$488.19 in January to US\$481.48 in March 2014 mainly pushed by slight decreases in the prices of food and non food items. For example, the cost of a 2 litre Delite cooking oil which on average was costing \$4.02 in January has decreased to an average price of around \$3.80 in March 2014 . During the month of March, the cost of 1kg Sunlight washing powder dropped from an average price of \$2.95 in January to an average price of \$2.53 in March 2014. The prices of other products remained fairly stable. The table below presents a detailed Bulawayo BNB in March 2014.

Bulawayo March 2014 BNB¹

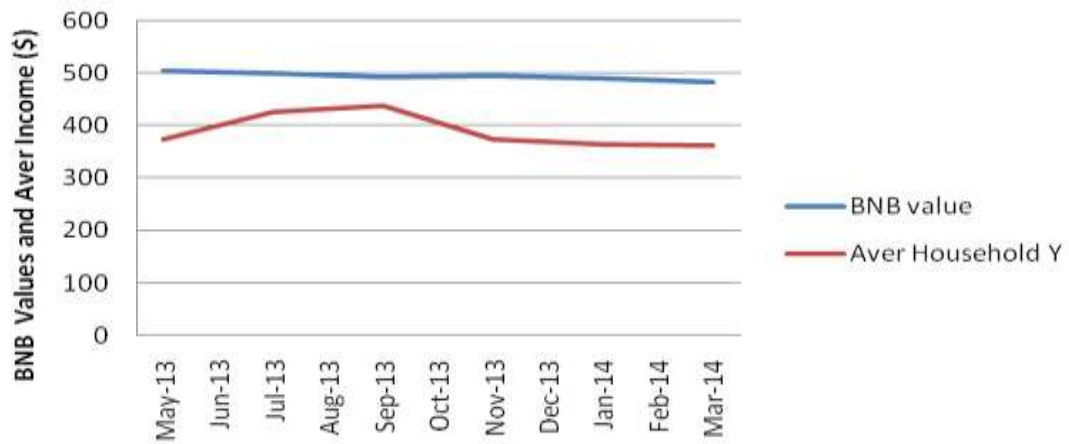
Item	Preferred brand	Unit available	Quantity required	Bulawayo Average (US\$)
A. Essential Food Items:				
Mealie Meal	Red Seal (Roller meal)	20kg	2	25.98
Sugar	Brown Sugar	2kg	4	7.48
Cooking oil	Gold Star	2litres	2	7.61
Beef	Economy	1kg	5	26.14
Chicken	Chicken Cuts	2kg	2	13.73
Salt	Red Seal	1kg	2	0.83
Tea leaves	Stella Tea	250g	1	2.17
Bread	Lobels	1 loaf	30	30.00
Milk	Chimombe	500ml	12	9.34
Sugar Beans		500g	4	4.76
Vegetables		Bunche	22.5	16.50
Tomatoes		1kg	10	10.93
Kapenta		1kg	1	9.91
Onions		1kg	10	13.12
Eggs		1crate	2	10.55
Sub Total				188.32
B. Essential Non Food Items				
Bath soap	Geisha	250g	5	4.13
Laundry soap	Green Bar	1kg	5	6.42
Washing Powder	Sunlight	1kg	2	5.08
Petroleum Jelly	Vaseline	250g	2	3.62
Toothpaste	Colgate	100ml	2	2.02
Sanitary wear	Always	500g	1	1.53
Toilet paper	Softex	Pack of 4	6	4.42
Sub-total				27.30
C. Rates and other services				
Water & Sanitation (medium cost - fixed)	Water	Fixed		1.21
	Average usage/month	m3	80	6.00
	Sanitation (Sewage)	Fixed		8.65

¹ The following are the shops and markets where PRFT collected data on prices of basic commodities for the March 2014 BNB: City Centre (TM Hyper and SPAR); Lobengula (Mountview SPAR); Bellevue SPAR; Ascot (TM); Nkulumane (SPAR). The survey was conducted on the 20th and 21st of March 2014.

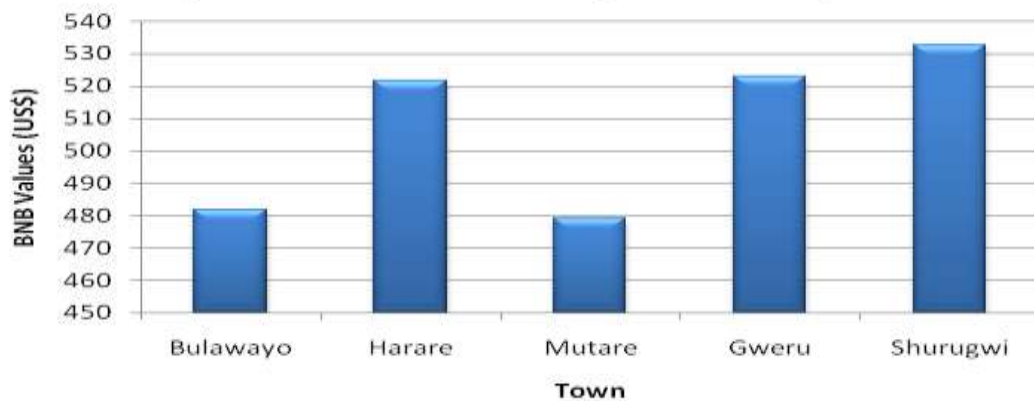
Monthly rent (4 roomed house)	Basic Accommodation	\$ 50 per room	4	200.00
Electricity ²	Average usage/month		0	50.00
Sub-total				265.86
Total BNB for Bulawayo				481.48
D. Other Costs				
Telephone/Communication		1\$/day		\$30/month
Transport (public)		\$0.50/trip		\$30/month
School Fees:				
Tertiary	University Public			\$420 - \$550/Semester
	Technical/Colleges (Polytechnic)	National certificate level		\$175 - \$200/term
		National Diploma level		\$225/term
	Secondary			\$ 55 - \$90/term
	Primary			\$45/term
	Creche			\$30 - \$60/term
School Uniforms	Girls			\$69 (complete uniform)
	Boys			\$50 (complete uniform)
Health care	CIMAS Basicare Package	2 adults and 3 children @ \$10 each		\$40/month
Fuel & Lighting	Paraffin (Aver Pump price)			\$1.25/Litre
	Diesel (Aver Pump price)			\$1.40/Litre
	Petrol (Aver Pump price)			\$1.51/Litre
	Matches			\$0.55/pack of 10
	Candles			\$1.89/pack of 6 Average

² Electricity charges were estimated using averages that families are now paying following the installation of pre-paid meters in most homes.

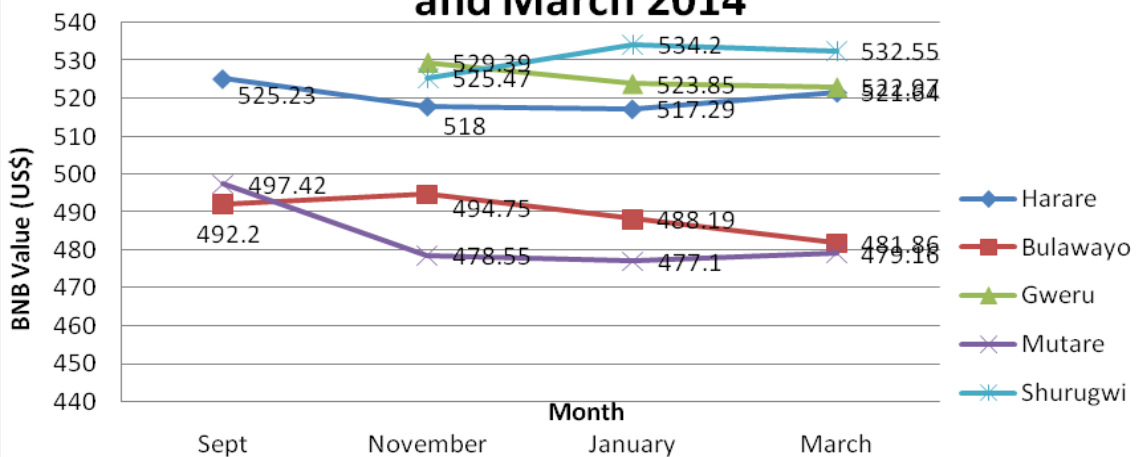
Bulawayo BNB and Av Household incomes



Comparison of BNB values (March 2014)



The BNB trends between September 2013 and March 2014





MARCH 2014 BNB ANALYSIS: THE POVERTY STORY IN THE DEFLATIONARY ENVIRONMENT

An analysis of the Poverty Reduction Forum Trust (PRFT)'s March BNB surveys has revealed a decline in the average cost of BNB in Bulawayo, Gweru and Shurugwi. The same surveys have also shown a marginal increase in BNB values for Mutare and Harare. From the surveys, an average family of five in Harare, Bulawayo, Gweru, Mutare and Shurugwi required \$5121.64, \$481.86, \$522.97, \$479.16 and \$532.55, respectively to live a decent and dignified lifestyle. On average, the BNB costs in January 2014 were \$517.29, \$488.19, \$523.85, \$477.10 and \$534.20 in the same towns, respectively. Although an analysis of the BNB values indicate slight increases in prices of some food and non food items during the month, the prices of most basic commodities have continued to decline.

The economy has been experiencing deflationary pressure in most basic commodities since October last year owing to weak aggregate demand, stable international oil and food prices and the continued strengthening of the US against currencies of Zimbabwe's major trading partners. Due to high cost of production, Zimbabwe's products have remained highly priced and a lot of basic commodities are being imported at lower prices from neighbouring countries such as South Africa. As a result of the continued weakening of the South African Rand against the United States Dollar, prices have been falling in Zimbabwe and this has brought some reprieve to consumers. However, due to high levels of unemployment that have been created as a result of the importation of basic commodities from South Africa and other trading partners, the lower prices are beyond the reach of many ordinary Zimbabweans whose income sources are deteriorating. Although there are many factors which have been attributed to the current deflationary environment in Zimbabwe, the decline in the demand for final goods requires further analysis. Due to weak aggregate demand accelerated by liquidity constraints and declining disposable household incomes, retailers have been forced to sacrifice their profits by cutting down prices so as to clear their stocks. The deflationary pressure in the economy reflects a shrinking economy with an extending negative output gap. The continuation of de-industrialization and declining capacity utilisation in the country has led to massive retrenchments and escalating cost of living for ordinary residents. According to the Zimbabwe Congress of Trade Unions (ZCTU)'s report, 9617 job losses and 75 company closures were recorded last year with fears that the trend could escalate this year as the economy continues to shrink.

Poverty in Zimbabwe has been characterised by increasing socio and economic marginalisation of disadvantaged groups as the gap between the cost of basic life and monthly household incomes continues to widen. An analysis of the households under PRFT's sentinel survey in March has shown a decline in the average household income to \$315.77

from \$339.35 in February 2014. From the BNB analysis, the major challenge that ordinary citizens continue to face is the lack of income to access basic commodities such as food despite its availability in shops. In Shurugwi, workers are now worse off following the ongoing downsizing of local companies such as Zimasco, which has led to a cut in salaries as the working period has been scaled down to two weeks per month. As a result, the proportion of income from salaries in the town continues to shrink.

With indications that the country will continue to experience high levels of retrenchments and unemployment, the situation will force more and more urban families to venture into illegal street vending to sustain their livelihoods. High unemployment and underemployment rate in Zimbabwe has resulted in most households resorting to informal businesses such as street vending in a way to earn a living. Even with formal employment, poor salaries have forced families to engage themselves in buying and selling businesses in order to supplement their incomes. 80% of the households under PRFT's sentinel surveys in Bulawayo, Mutare, Gweru and Shurugwi, are engaged in street vending.

Policy recommendations

Realising that poor economic performance is one of the major root causes of the socio and economic challenges that ordinary residents are facing in the country, PRFT continues to lobby the government to stimulate production through injecting capital to salvage the ailing industries. This has to happen through systematic interventions. The recent cancellation by government of import licences for farm produce though welcome, lacked broad-based consultations of the key stakeholders. Such knee-jerk reactions end up hurting those people that were meant to benefit from such policy interventions. PRFT recommends policy makers to consult widely before they make policy pronouncements to ensure sustainable development. PRFT is also of the view that there is need to formalise the black economy which has become the main source of livelihoods for ordinary residents. By implementing policies to incorporate the informal sector into the main stream of the economy, there are quick gains in terms of revenue generation by the government and the social development of residents in the informal sector. However, formalization of the informal sector has to be supported by the creation of a conducive environment as well as infrastructural development. At local level, the councils should embrace the growing street vending business by providing more space for residents to sell their wares formally without being criminalised. PRFT strongly believes that empowering residents with opportunities to raise income is a stepping stone towards poverty eradication.