



## **HARARE BASIC NEEDS BASKET REPORT**

**March 2014**

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## HARARE BASIC NEEDS BASKET ANALYSIS

The average cost of the BNB in Harare has slightly increased from US\$517.29 in January to US\$521.64 in March 2014 mainly pushed by marginal increases in prices of food items such as mealie meal, onions and fresh milk. For example, the cost of 20kg Red seal mealie meal which on average was costing \$12.58 in January has increased to an average price of \$13.24 in March 2014 while the cost of a 1kg onions went up from an average price of \$1.19 in January to an average price of \$1.40 in March 2014. The table below presents a detailed March BNB for Harare.

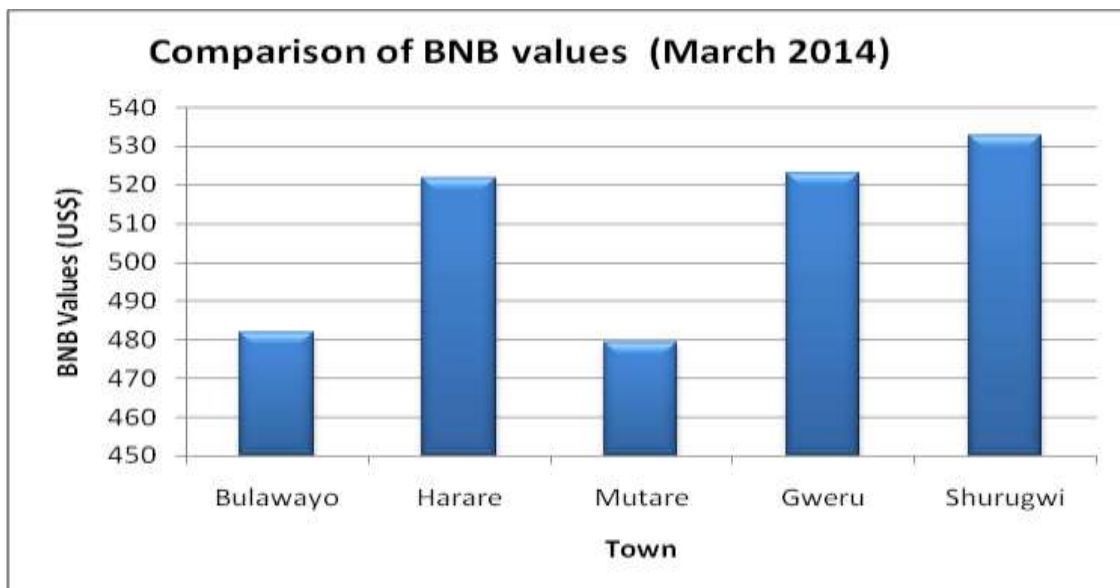
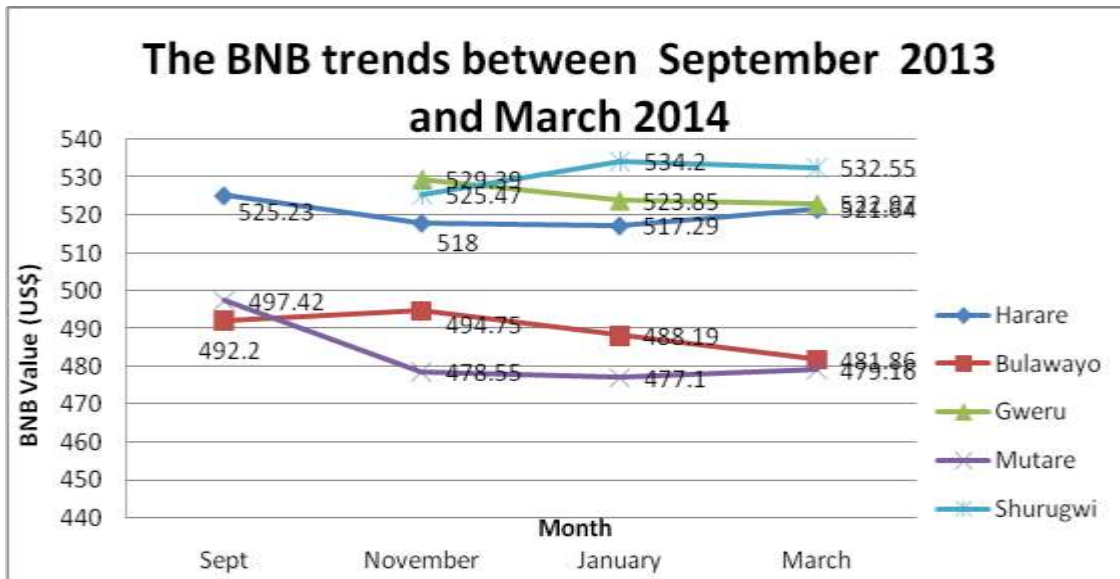
### Harare March 2014 BNB<sup>1</sup>

Item	Preferred brand	Unit available	Quantity Required	Harare Average (US\$)
<b>A. Essential Food Items:</b>				
Mealie Meal	Red Seal (Roller meal)	20kg	2	26.40
Cooking oil	D'lite	2Ltrs	2	7.99
Beef	Mixed	1kg	5	26.38
Chicken	Suncrest cuts	2kg	1	7.28
Beans	Sugar beans	500g	4	5.26
Fish	Fresh	1kg	2	7.58
Kapenta	Dried	1kg	1	9.59
Salt	Pro-brands	2kg	1	0.95
Bread	Bakers Inn	1loaf	30	30.00
Eggs	Standard	1 crate	2	11.46
Sugar	Gold star (white)	2kg	4	7.68
Tea (leaves)	Stella	250g	4	8.12
Milk	Steri	500ml	12	11.85
Margarine	Buttercup	2kg	1	11.17
Onions		1kg	10	14.53
Tomatoes		1kg	10	11.30
Vegetables (greens)	Rape	1kg	22.5	20.81
<b>Sub-total</b>				<b>218.33</b>
<b>B. Essential Non-food items</b>				
Washing soap	Green bar	1kg	5	7.31
Bathing soap	Geisha tablets	250g	5	4.84
Toothpaste	Colgate	100ml	2	1.96
Toilet paper	Softex	4 rolls/pack	6	6.77
Jelly	Vaseline	250g	2	3.96
<b>Sub-total</b>				<b>24.81</b>
<b>C. Rates and other services</b>				
Water & Sanitation (medium cost - fixed)	Water	fixed		5.00

<sup>1</sup> The following are the shops and markets where PRFT collected data on prices of basic commodities: City Center (TM Robson Manyika, Prime Meats); Epworth (Domboramwari shopping centre); Hatcliffe (Hatcliffe shopping centres); Mbare (OK Mbare and Mbare musika market stalls); Mabvuku (Mabvuku Shopping Centre); Waterfalls (Zindoga shopping centre); Mabelreign (OK and Spar); Newlands (TM); Helensvale (Helensvale Spar). The survey was conducted on the 26<sup>th</sup> and 27<sup>th</sup> of March 2014.

	Average usage/month	m3	40	12.00
	Sanitation (Sewage)	fixed		11.50
Monthly rent (4 roomed house)	Basic Accommodation	per room	4	200.00
Electricity	Average usage/month			50.00 <sup>2</sup>
<b>Sub-total</b>				<b>278.50</b>
<b>Total BNB for Harare</b>				<b>521.64</b>
<b>D. Other Costs</b>				
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			\$80/term
	Primary			\$40/term
	Creche			\$30/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 (Pump price)			\$1.25/Litre
	Diesel (Pump price)			\$1.39/Litre
	Petrol (Pump price)			\$1.48/Litre
	Matches			\$0.58/pack of 10
	Candles			\$1.75/pack of 6

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



## **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 descent

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 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 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 on going 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.