



# **MUTARE BASIC NEEDS BASKET REPORT**

**March 2014**

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## Mutare BNB<sup>1</sup> for March 2014

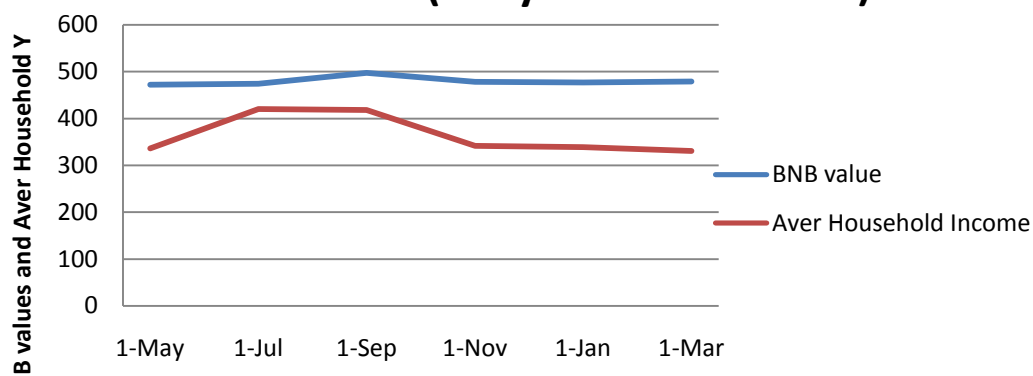
		Unit Available	Quantity Required	Mutare average (US\$)
<b>A. Essential Food Items:</b>				
Mealie Meal (breakfast)	Red Seal (Roller meal)	20kg	2	25.75
Cooking oil	D'lite	2Ltrs	2	8.39
Beef	Mixed	1kg	8	44.13
Chicken	Suncrest cuts	2kg	1	7.44
Beans	Sugar beans	500g	2	2.47
Fish	Fresh	1kg	2	6.78
Salt	Pro-brands	2kg	1	0.93
Bread	Bakers Inn	1loaf	30	30.00
Eggs	Standard	1 crates	2	10.82
Sugar	Gold star (white)	2kg	4	8.37
Tea (leaves)	Tanganda	250g	4	8.29
Milk	Steri	500ml	10	9.40
Margarine	Buttercup	2kg	1	10.81
Onions		1kg	5	5.96
Tomatoes		1kg	10	12.68
Vegetables (greens)	Rape	1kg	15	13.25
<b>Sub-total</b>				<b>205.47</b>
<b>B. Essential Non-food items</b>				
Washing soap	Green bar	1kg	3	4.87
Bathing soap	Geisha tablets	250g	4	3.73
Washing Powder	Omo	1kg	1	3.63
Toothpaste	Colgate	100ml	2	2.40
Sanitary pads	Farai	1 pack	3	3.04
Toilet paper	Softex	4 rolls	4	4.48
Jelly	Vaseline	250ml	2	4.55
<b>Sub-total</b>				<b>26.69</b>
<b>C. Rates and other essential services</b>				
Water & Sanitation (medium cost - fixed)	Water fixed			0.00
	Average usage/month	420 m3		16.00
	Sanitation (Sewage)	Fixed		6.00
Monthly rent (4 roomed house)	Basic accommodation	per room	4	160.00

<sup>1</sup> The following are the shops and markets where PRFT collected data on prices of basic commodities for the March 2014 BNB; Dangamvura TM, Sakubva TM, Sakubva Spar, Chikanga COST IT - ENT, TM City centre, OK City Centre. The survey was conducted on the 19<sup>th</sup> and 20<sup>ist</sup> of March 2014.

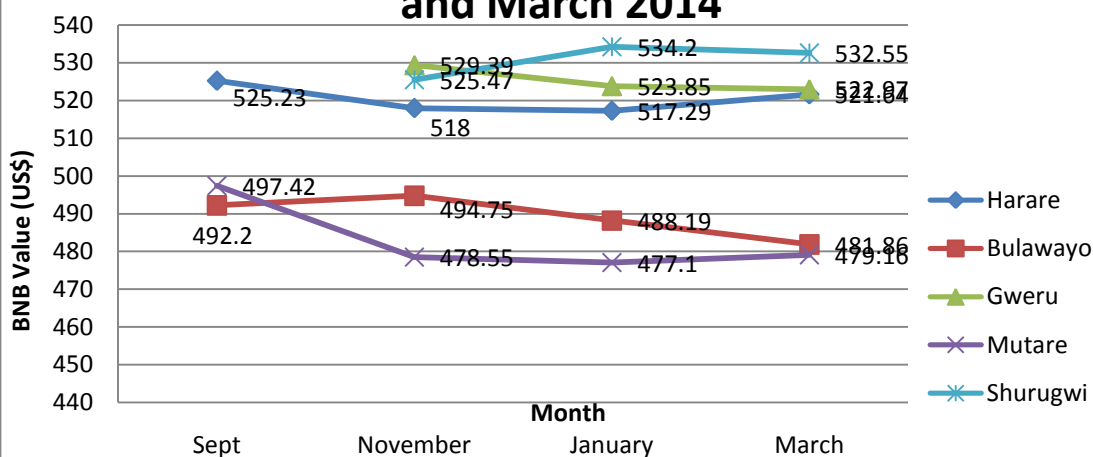
Electricity <sup>2</sup>	Fixed		1	0.00
	Average usage/month	Units		65.00
<b>Sub-total</b>				<b>247.00</b>
<b>Total for Basic Needs Basket for Mutare</b>				<b>479.16</b>
<b>Other Costs</b>				
Telephone/Communication		\$/month		30.00
Transport (2-way)		\$1/day		30.00
School Fees				
Tertiary	University			420.00
	Technical/Professional College		National certificate	175.00
			National Diploma	225.00
	High School (Forms 5&6)	per term		120.00
	Secondary (Forms 1-4)	per term		70.00
	Primary	per term		25.00
	Creche	per month		30.00
Uniforms	Girls	Complete set	Enbee Prices	70.00
	Boys	Complete set	Enbee Prices	60.00
Health care	CIMAS Basic care package		2 adults and 3 children @ \$10 each	40.00
Fuel & Lighting	Paraffin ( pump price)			1.25
	Diesel ( pump price)			1.39
	Petrol ( pump price)			1.53
	Matches	Carton of 10		0.55
	Candles	pack of 6		1.89
	Firewood	per month		20.00

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

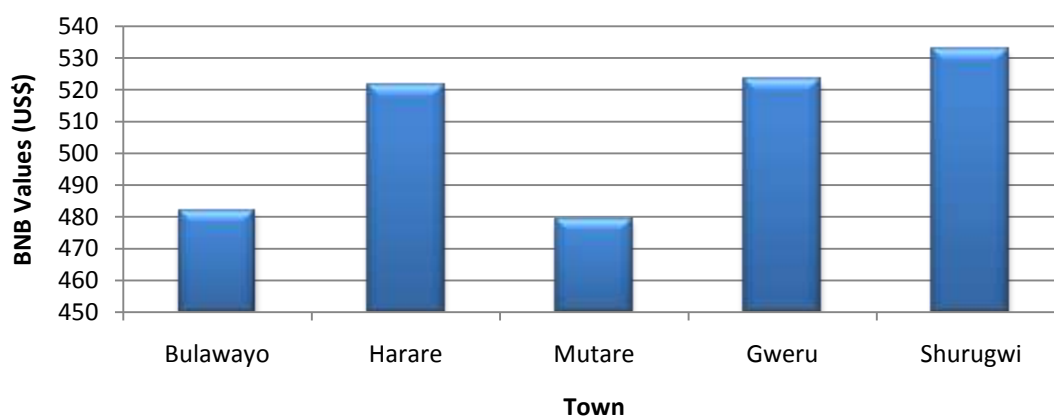
## Mutare BNB and Average Household Income Trends( May 2013 - Jan 2014)



## The BNB trends between September 2013 and March 2014



## Comparison of BNB values (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 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 still 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.