SHURUGWI BASIC NEEDS BASKET REPORT

January 2014

For more information contact: Poverty Reduction Forum Trust, 59 Mendel Road, Avondale, Harare.
Phone: +263 4 307472/3; Email: prftresearch@gmail.com or visit our website: www.prftzim.org.zw

SHURUGWI BASIC NEEDS BASKET ANALYSIS

The average cost of the BNB in Shurugwi has increased by approximately 1.66% from US$525.47 in November 2013 to US$534.20 in January 2014. Shurugwi is a mining town located 33 km outside Gweru and prices of the basic commodities are generally higher than in other towns where the BNB surveys are undertaken. The basket for a family of five has been pushed up by slight increases in prices of both food and non food basic commodities. The cost of a 2 litre cooking oil bottle which on average was costing $3.76 in November 2013 has increased to an average price of around $3.85 in January 2014 while the cost of a 1kg economy beef went up from an average price of $4.91 in November 2013 to an average price of $5.10 in January 2014. During the same month, an average price of a 1kg Green bar washing soap rose to $1.38 from $1.28 in November 2013 while on average the price of a 250g Vaseline jelly rose to approximately $2.36 from $1.95 in November 2013. The table below presents a detailed Shurugwi BNB in January 2014.

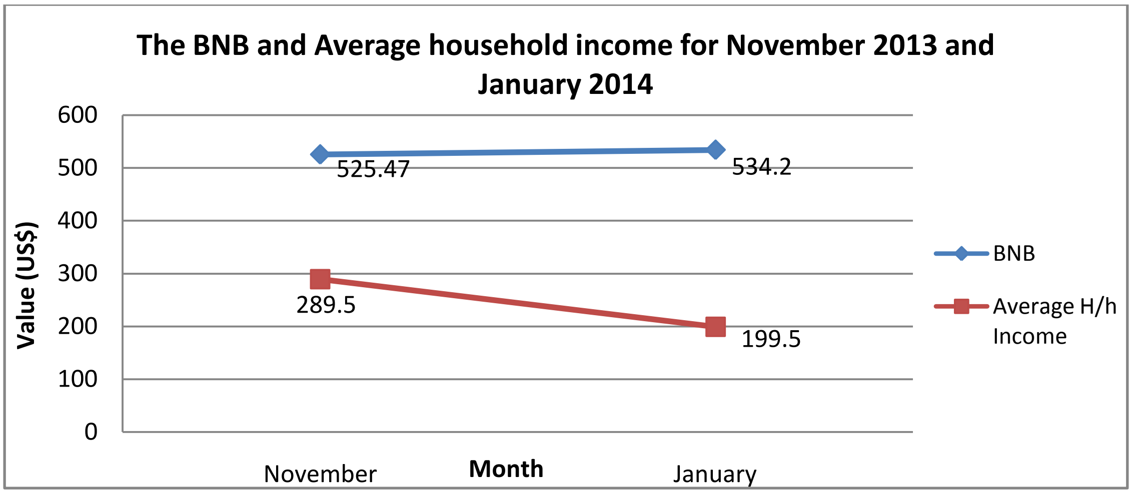
Shurugwi BNB[1] for January 2014

		Unit Available	***Quantity Required***	Shurugwi average (US$)
A. Essential Food Items:				
Mealie Meal	Red Seal (Roller meal)	20kg	2	24.00
Cooking oil	D'lite	2Ltrs	2	7.67
Beef	Mixed/ Economy/ CSC	1kg	5	25.50
Chicken	Irvines mixed cuts	2kg	1	18.67
Fish	Fresh	1kg	2	8.20
Dried Fish	Victoria	1kg	1	9.20
Salt	Fine (Red Seal)	2kg	1	0.93
Bread	Bakers Inn/ Plaza	1loaf	30	30.00
Peanut butter	Lions	375 ml	3	4.75
Drink	Orange crush	2 litres	2	6.00
Rice	Red Seal	2 Kg	2	4.00
Eggs	Standard (Irvines)	1 crate	2	12.00
Sugar	Gold star (white)	2kg	4	7.67
Tea (leaves)	Tanganda	250g	2	3.47
Milk	Steri	500ml	14	13.53
Margarine	Buttercup	2kg	1	11.30
Onions		1kg	5	5.00
Tomatoes		1kg	10	10. 00
Vegetables (greens)	Rape	1kg	15	15.00
Sub-total				**216.88**
B. Essential Non-food items				
Washing soap	Green Bar	1kg	4	5.13
Bathing soap	Geisha tablets	250g	4	3.93

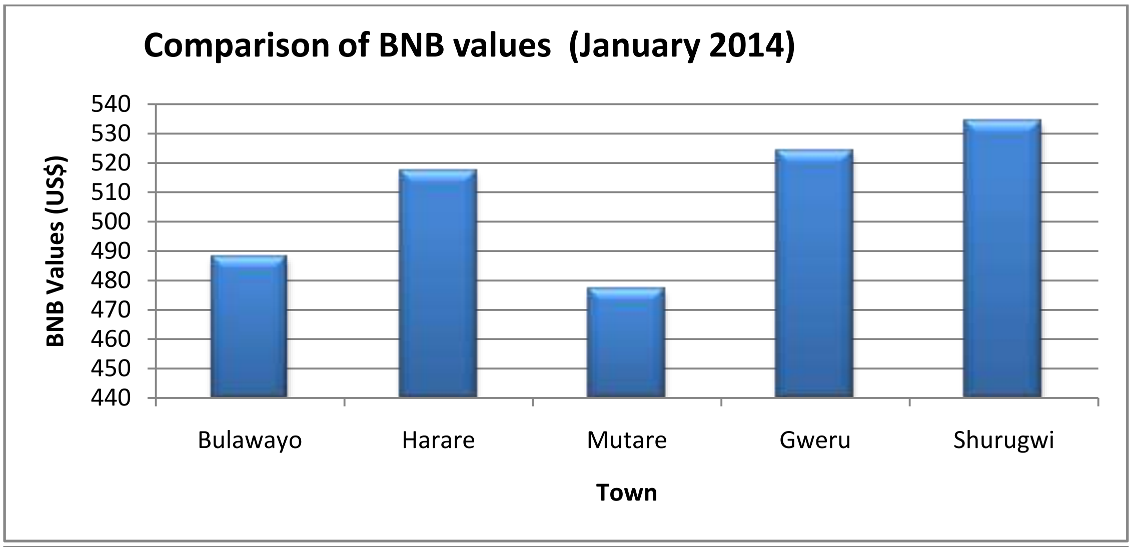
[1] The following are the shops and markets where PRFT collected data on prices of basic commodities for the January 2014 BNB; Sebanga (Ndezvashe stores) , Makusha (PH and Ndezvashe Stores) and Town (Batanai Supermarket) . The survey was conducted on the 20 st of January 2014.

Washing Powder	Omo	1kg	2	6.77
Toothpaste	Colgate	100ml	2	2.80
Sanitary pads	Farai	1 pack	3	3.30
Toilet paper	Softex	4 rolls	3	3.60
Shoe polish	Nugget	100g	2	3.93
Lotion	Camphor	500g	1	3.00
Cobra		1 litre	1	6.33
Harpic		750ml	1	3.38
Jelly	Vaseline	250ml	2	4.73
Sub-total				**47.32**
C. Rates and other essential services				
Water & Sanitation (medium cost - fixed)				
	Average usage/month + fixed charge	420 m3		30.00
Monthly rent (4 roomed house)	Basic accommodation	Per standard room	4	200.00
Electricity[2]	Average usage/month	units	1	40.00
Sub-total				**270.00**
Total for Basic Needs Basket for Shurugwi				**534.20**
Other Costs				
Telephone/Communication		$/month		30.00
Transport (2-way)		$1/day		30.00
Tertiary	University (MSU)			650.00-700.00
	Secondary			52.00- 80.00
	Primary	per term		25.00- 70.00
	Creche	per month		20.00- 30.00
Uniforms	Girls	Complete set		60.00
	Boys	Complete set		60.00
Health care	CIMAS Basic care package		2 adults and 3 children @ $10 each per month	40.00
Funeral Policy	Nyaradzo	6 pack	Per month	22.00
Fuel & Lighting	Paraffin (pump price)	Per litre		1.38
	Diesel (pump price)	Per litre		1.38
	Petrol (pump price)	Per litre		1.50
	Matches	Carton of 10		0.86
	Candles	pack of 6		1.76
	Firewood	per month		10.00

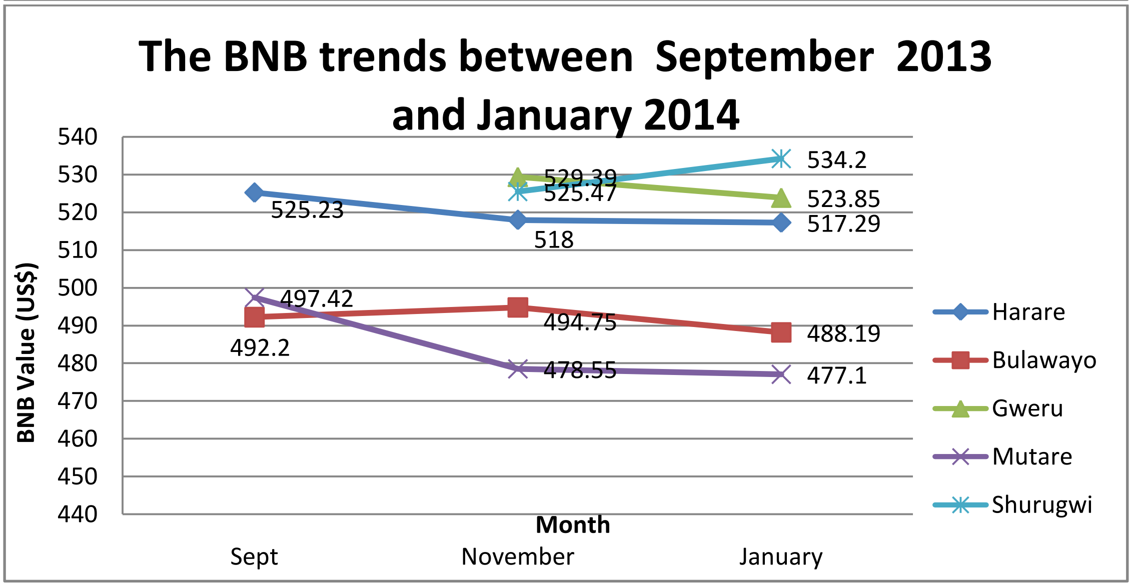
[2] Electricity charges were estimated using averages that families are now paying following the installation of pre-paid meters in most homes in Shurugwi.



The BNB and Average household income for November 2013 and January 2014
600
500
400
300
200
100
0
Value (US$)
525.47
534.2
289.5
199.5
BNB
Average H/h Income
November
Month
January



Comparison of BNB values (January 2014)
540
530
520
510
500
490
480
470
460
450
440
BNB Values (US$)
Bulawayo
Harare
Mutare
Gweru
Shurugwi
Town



The BNB trends between September 2013 and January 2014
540
530
520
510
500
490
480
470
460
450
440
BNB Value (US$)
529.39
525.47
534.2
523.85
525.23
518
517.29
497.42
492.2
494.75
488.19
478.55
477.1
Harare
Bulawayo
Gweru
Mutare
Shurugwi
Month
Sept
November
January

2014 National Budget: Is There Any Hope For The Vulnerable and Marginalised?

Zimbabwe has witnessed a positive economic growth trajectory since 2009 owing to the introduction of the multicurrency system which brought stability in the macroeconomic environment. However, with escalating cost of living and high levels of unemployment, the positive growth rate which the country experienced during the past five years has not translated into shared growth, poverty reduction and employment creation. Poverty in Zimbabwe has remained an inequality issue which is characterised by widening gaps between the rich and the poor in terms of universal access to basic social services such as public health care and education. With the recently passed 2014 national budget, it is still a mystery whether it is going to transform the socio and economic livelihoods of the impoverished and marginalised, a segment that constitutes the majority of the populace estimated at above 80%.

From the US$4.1 billion national budget that was presented by the minister of Finance and Economic Development, about 73% of the total budget was allocated to the employment costs (wage bill). This means the remaining resources which constitute about 27% of the budget will be shared between recurrent and capital expenditure. The health sector has been allocated 8% of the national budget expenditure, a figure which is less than both the 15% as outlined in the Abuja Declaration and the 10% that was allocated to the same sector in the 2013 national budget. The recurrent expenditure allocations from the budget are already showing that there will be little resources to adequately fund social protection programmes such as the Basic Education Assistance Module (BEAM) which is meant for the vulnerable and marginalised communities.

More so, there are indications from the recent budget that very few capital projects are going to be funded despite the role of developmental capital projects in sustaining economic growth and socio and economic development of the country. The economy has accrued infrastructure deficits particularly in key sectors of the economy. The use of dilapidated infrastructure and obsolete equipment has caused the country to lose its industrial competiveness. Due to increasing costs of production and liquidity constraints, Zimbabwe has witnessed downsizing and closure of companies. The inadequate allocation of resources to capital development programmes especially in water, energy and health care has long term negative impacts on poverty reduction efforts by the government. In the health sector, there is need to redress the deficiencies in health care investments to improve the provision of essential drugs at public health facilities at affordable prices. Due to the bottlenecks in the physical infrastructure investment in the health sector, prices of drugs and other medical commodities have been relatively high beyond the reach of many residents. The recent closure of CAPS, a local manufacturer of drugs, means that the residents will be exposed to international prices as the country imports more drugs. With the widening gap between the disposable incomes and the cost of the basic living for most marginalised households in the country, PRFT is of the view that the resource constrained budget will do little to reduce the gap between the rich and the poor especially in terms of universal access to the basic social services. In an analysis of the

PRFT's Basic Needs Basket (BNB) survey conducted in January, an average family of five in Harare, Bulawayo, Gweru, Mutare and Shurugwi required a minimum of \$517.29, \$488.19, \$523.85, \$477.10 and \$534.20, respectively to live a descent and dignified lifestyle. On the other side, an analysis of the households under PRFT's sentinel surveys in the medium and high density suburbs of the five towns has revealed that the households earned an average income of \$339.35 in the same month.

The social service sector, the health sector in particular, has been characterised by collapsing social protection programs as witnessed by the current high catastrophic out of pocket spending on health care. Besides the recent growth in the private health insurance sector, it is estimated that health insurance schemes are only serving less that 10% of the population. From the households under PRFT's sentinel survey, about 90% of the households are not covered by any medical health insurance as most of them are not formally employed. Due to corruption and mismanagement of members' contributions, the medical aid holders have not been spared from catastrophic health care spending. In the recent news from the media, it has revealed that the government linked Public Service Medical Aid Society (PSMAS)'s top management was rewarding itself with mega salaries at the expense of service delivery. Apart from a huge debt pile, the medical society has been failing to pay service providers forcing its members, the civil servants, to pay cash up front for health care. This is a double jeopardy to the civil servants considering that they are contributing their money into these pooling of risk schemes.

Policy recommendations

It is PRFT's view that the resource constrained national budget will not have a positive impact especially in terms reviving the collapsing social service sector and reversing the de industrialisation in the country. With high prevalence of poverty in Zimbabwe, there is need for long term investment in the social services sector and other key sectors of the economy. Particularly there is need to finance the productive side of the social services sector so as to sustain economic growth and poverty reduction strategies. With limited fiscal space, PRFT recommends that the policy makers should create a conducive environment for foreign direct investment that is critically needed to salvage the ailing industries. Through attracting investments in the country, more resources can be available for developmental projects in water, energy and health and other critical sectors of the economy.