

The impact of commodity price hikes on poor and extreme poor households

SHOUHARDO III

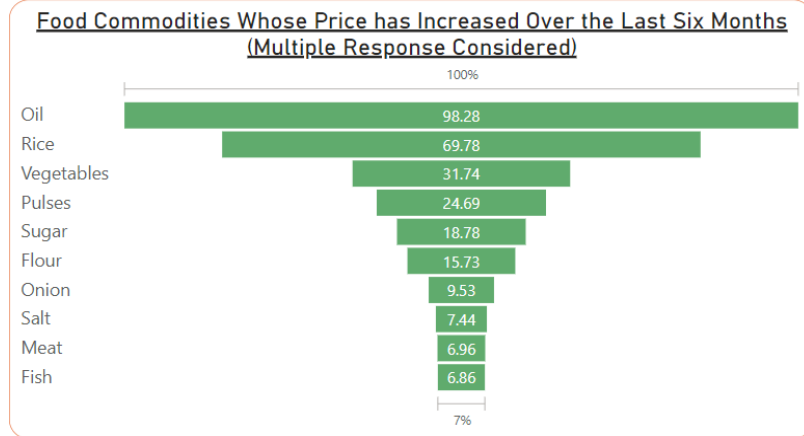
July 2022



Bangladesh June inflation rate remained at high levels (~7%) amid a hike in global commodity prices due to the Russia-Ukraine war and the prices of most daily essentials other than some locally produced good have increased. The price of thin grain rice has increased by 15 % in a year and 32% for whole wheat flour (Source: July 7th TCB market price list).

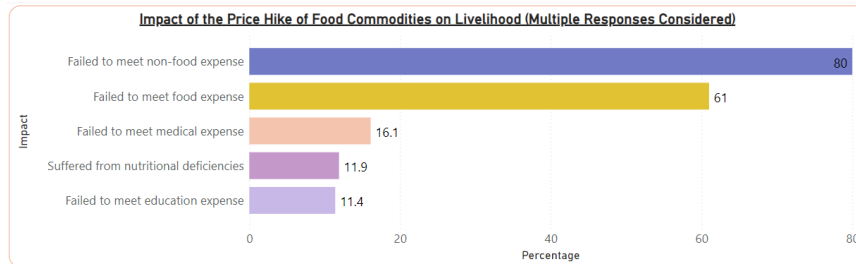
Between June and July month, the SHOUHARDOIII program conducted its annual Beneficiary Based Survey (BBS) and captured the impact of recent price hikes in the life of the program participants. The SHOUHARDOIII program reaches over 475,228 members of 168,535 poor and extremely poor households in Bangladesh. The findings of the annual survey confirm that households are experiencing an increase in the price of essential commodities over the last six months. Among them, almost households indicated that the price increase has been *significant* for them over the last six months.

Data from the survey reveals (Graph 1) that most households are experiencing a significant increase in the price for oil and rice and almost one-third of participants indicated that vegetable prices were increasing significant. In addition, smaller number of respondents highlighted price increases in pulses, sugar, flour, meat, and fish. The food consumption of the poor and extremely poor households is mainly dominated by rice, oil and vegetables and therefore these price increases are having an adverse impact on the well-being of these households.

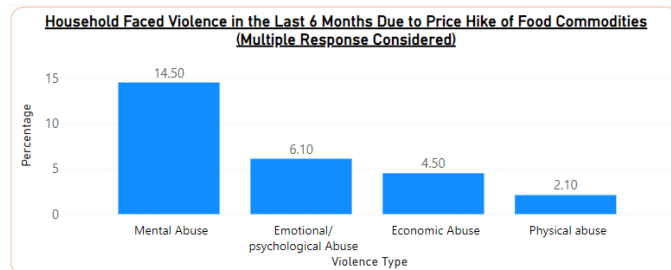


Graph 1: Food commodities whose price has increased

Keeping in mind that household income did not increase at the same rate as the increase in the prices for essential commodity, families are now forced to reduce their income spending. The survey indicates (Graph 2) that 61% of the households failed to meet food expenses, 80% of the households failed to meet non-food items due to price hikes and 11.4% of the households failed to meet the educational expenses of their children. Price hikes played a role in the increase of violence against women (Graph 3), as it was noted that 21% of the female respondents experienced violence at the household level due to a price hike.

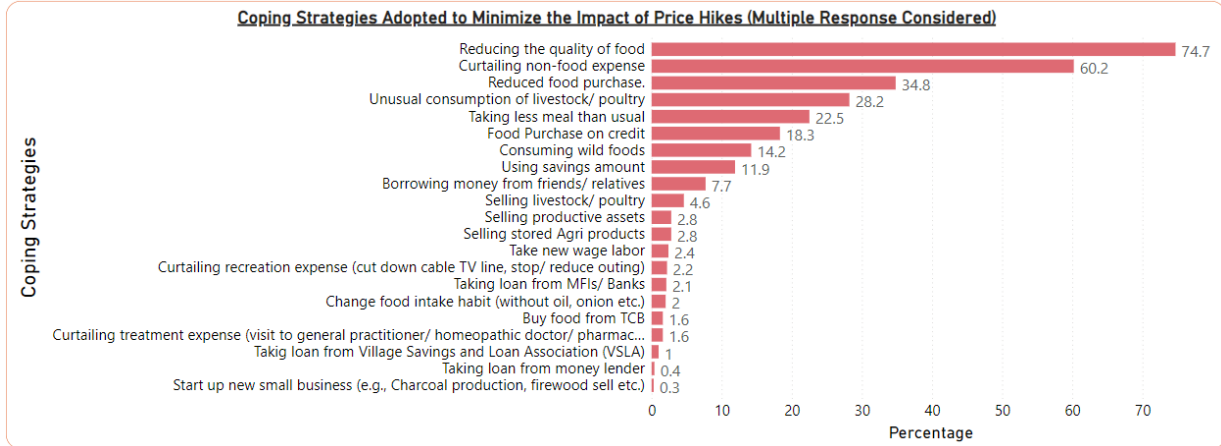


Graph 2: Impact of the price hike of food commodities



Graph 3: Household faced violence

To mitigate the impact of the hike in commodity prices all households within the program have adopted a range of coping strategies (Graph 4). The most common coping strategies involved: Reducing the quality of food 74.7%, Curtailing non-food expense 60.2% and reducing food purchase 34.8%



Graph 4: Coping Strategies

High prices of food commodities, fuel and gas are having a compounding effect on already vulnerable people in Bangladesh, especially women and girls who often eat last and least. Without quality food (proper nutrition) and skipping of meals, women struggle to stay healthy enough to provide income for their families and girls miss out on school due to sickness. For the children, malnutrition can cause permanent, widespread damage to their growth, development and overall wellbeing, particularly in the first five years when their brains develop most rapidly.

For the past 7 years, CARE’s SHOUHARDOIII program has been building the long-term resilience of women and their families and communities to weather these shocks, as well as to adopt positive coping mechanism during these crisis periods. In the places where we work, program participants rely on daily wage labor, farming, and migrating to the cities during the off-season. Maintaining and/or gaining access to diversified sources of income are crucial for SHOUHARDOIII program participants during this crisis period.