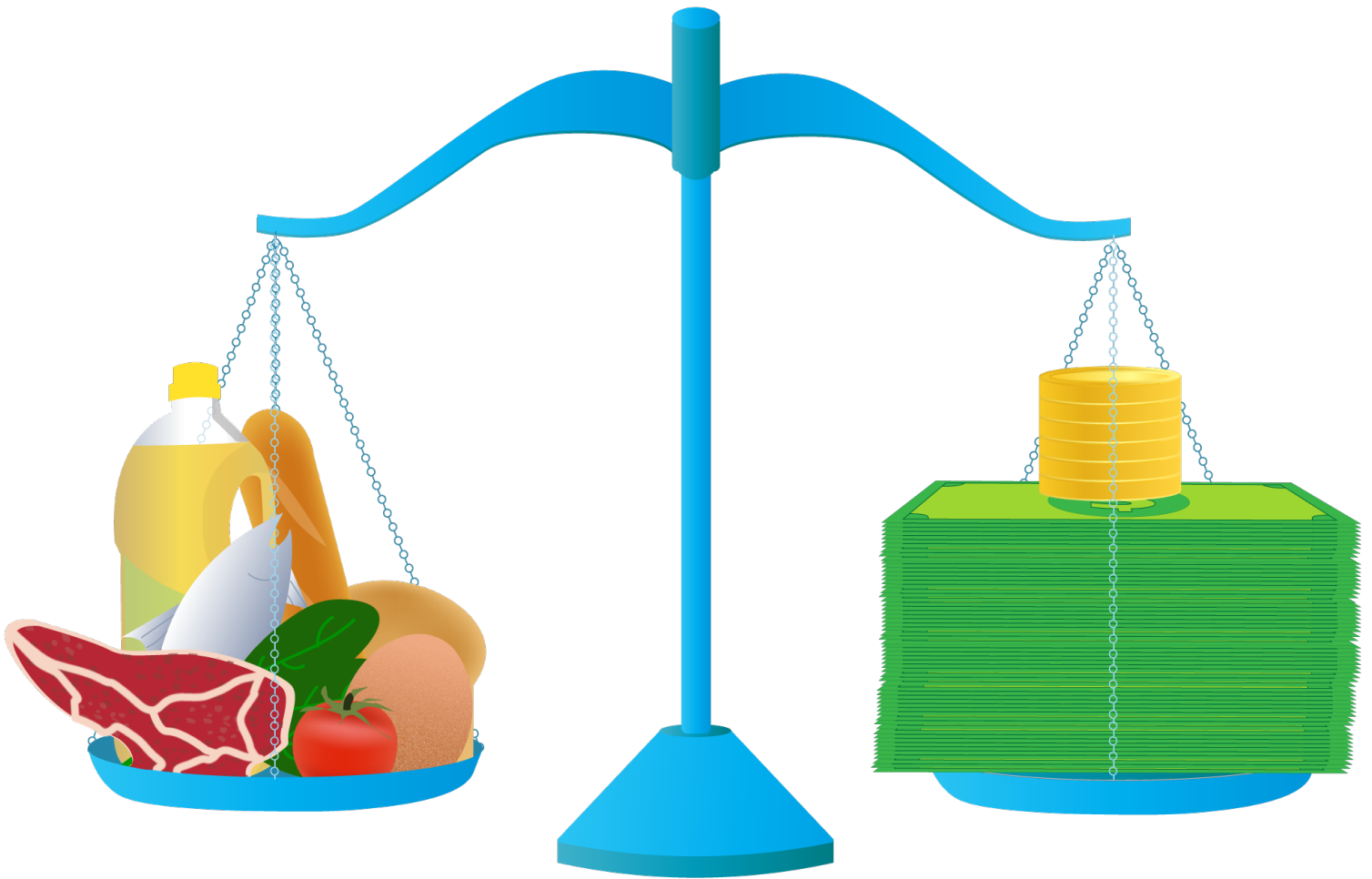




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Breaking Point: The Crushing Impact of Soaring Food Prices on the Extreme Poor of Bangladesh



SHOUHARDO III Plus Activity
CARE Bangladesh

Published: December 2023



Strengthening Household Ability to Respond to Development Opportunities (SHOUHARDO) III Plus is a two-year Activity (2022-2024) funded by the United States Agency for International Development (USAID). The Activity aims to deliver improved gender-equitable food and nutrition security and resilience for 168,521 Poor and Extreme Poor (PEP) households in the char and haor regions of northern Bangladesh. Building on the successes of the predecessor program, SHOUHARDO III Plus works with participants to pursue diversified sources of income, support inclusive and sustainable agricultural-led growth, enhance access to markets, especially for women and girls, and improve access to financial services for PEP participants. The Activity also promotes increased consumption of nutritious foods and micro-nutrients for children under five, pregnant and lactating women, and adolescent girls. The Activity continuously engages and links Local Service Providers (LSPs) with the public and private sectors to achieve its aim. SHOUHARDO III Plus integrates gender, governance, Disaster Risk Reduction (DRR), environment, and private sector as cross-cutting components to maximize the impacts of the Activity.

Despite the geographical distance of over 5,800 kilometers, the repercussions of Russia’s war in Ukraine, initiated in February 2022, have had a significant impact on Bangladesh. The conflict has escalated oil prices, diminished wheat supplies, and driven inflation. Following this, in February 2023, SHOUHARDO III conducted a [Recurrent Monitoring Survey \(RMS\)](#) involving 450 program households. This survey reflects a significant escalation in the impact of price hikes on program participants.

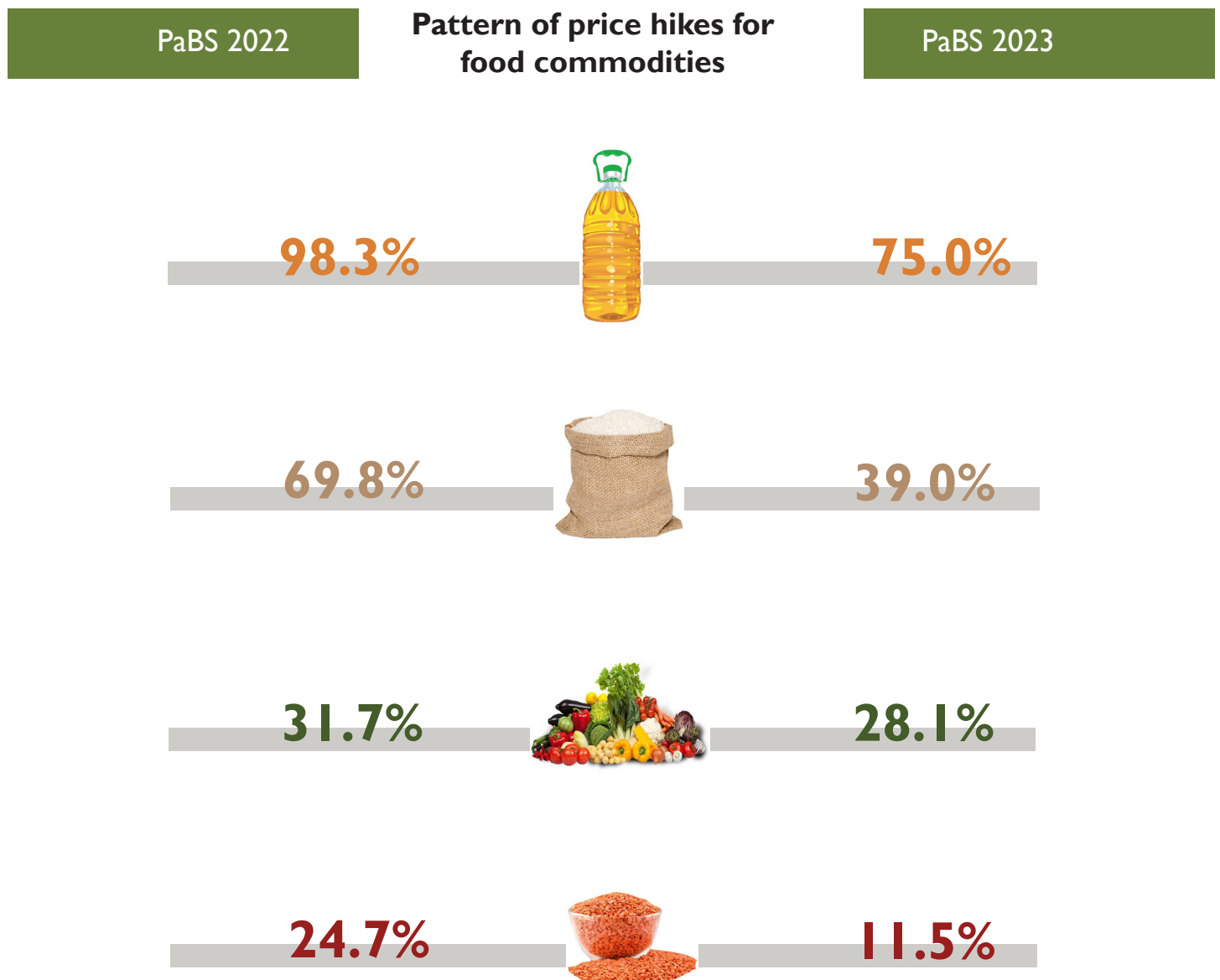
To comprehensively understand the ongoing price surge trends and their impact on program participants, SHOUHARDO III and SHOUHARDO III Plus conducted two additional pivotal surveys as follows:

Types of Survey	Timeline	Sample Size
Annual Participant Based Survey (PaBS)	July 2022	1,050
Annual Participant Based Survey (PaBS)	September 2023	1,125

Impact of Price Hike on Community: Standard of Living

The annual PaBS conducted in July 2022 was the first to shed light on the profound impact of rising essential commodity prices on SHOUHARDO households. The most recent PaBS survey, conducted in September 2023, also underscores a conspicuous increase in food commodity prices. Over 88.0% of participants reported a rise in their expenditure status by this time.

The PaBS FY23 found that 97.3% of households have been experiencing a significant increase in the price of essential food commodities over the last six months.



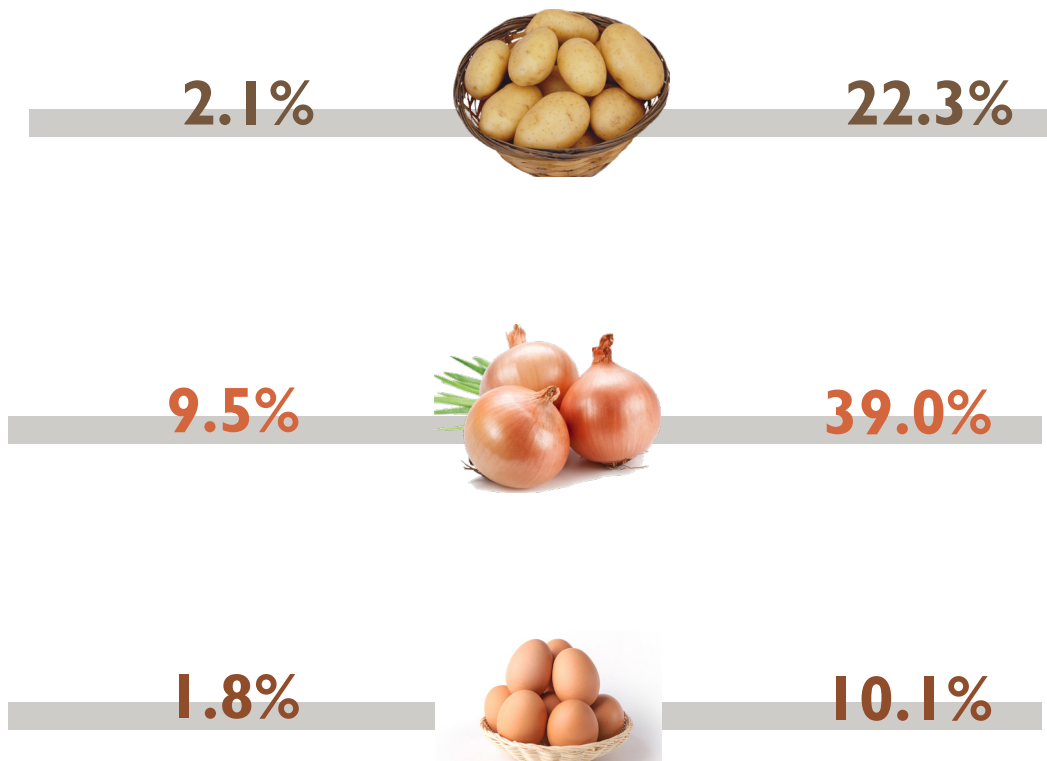
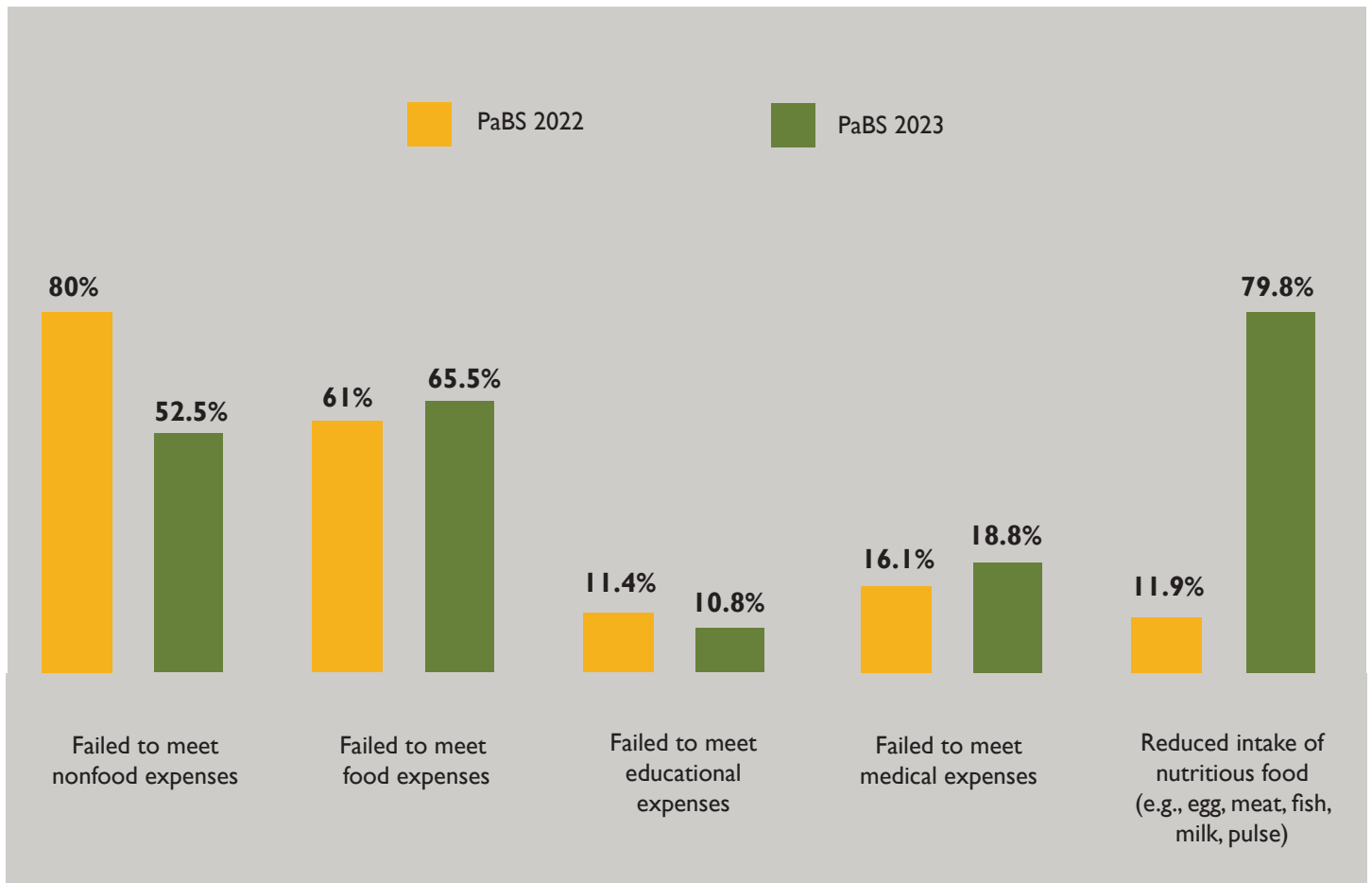


Figure 1: Pattern of price hikes for food commodities

The data from September 2023 reveals a shift in the inflation patterns of food commodities. While the price increase for staple items like oil, rice, vegetables, and pulses was less pronounced than what was reported in the PaBS 2022, it was still a noticeable rise. During this period, participants also observed substantial price hikes in other essential commodities, with the cost of onions increasing by nearly 30%, potatoes by 20%, and eggs by 8% compared to 2022.

These patterns point to a worrisome trajectory concerning household food security, underscoring the marked impact on families' capacity to fulfill their nutritional needs. As shown in the graph below almost 80% of the participants have reduced their intake of nutritious food (e.g., egg, meat, fish, milk, pulse). The uptick in prices can be attributed to various factors, including inflation, and it's anticipated that these increasing food costs will disproportionately affect the nutrition of impoverished communities that are already dealing with financial hardships. The food consumption of the poor and extremely poor households is mainly dominated by rice, oil and vegetables. Therefore, these price increases are having an adverse impact on the well-being of these households.



Graph 1: Impact of the price hike for food commodities on the standard of living

The data spanning these two periods highlight a concerning trend as more than half of the population persistently struggles to cover both food and non-food expenses. Although this trend has seemingly stabilized, which means that the situation, while still serious, is no longer worsening at the alarming rate it once was. An alarming 80.0% of surveyed households reported a reduction in their consumption of nutritious foods – a dramatic 70.0% increase within a mere 12 months. This term, ‘stabilized’, suggests that the rise in the cost of living or the extent of the economic hardship has reached a level of consistency without further drastic escalation. Despite this stabilization, the upswing in food prices has substantially hindered access to adequate and healthy food, particularly for low-income households, underscoring the ongoing crisis.

Considering that household income did not increase at the same rate as the prices for essential commodities, families are now forced to reduce their income spending. The survey indicates that 65.5% of the households failed to meet food expenses, wherein 52.5% of the households failed to meet non-food items due to price hikes and 11% of households failed to meet the educational expenses of their children. Although these trends have slightly improved from the previous year, they have stabilized and are marked as a significant increase.



This inflationary trend has propelled a substantial portion of the survey respondents into financial distress, making it challenging to fulfill essential needs. Alarming, there was a notable surge in cases of mental, emotional, psychological, and physical abuse against women within this timeframe.

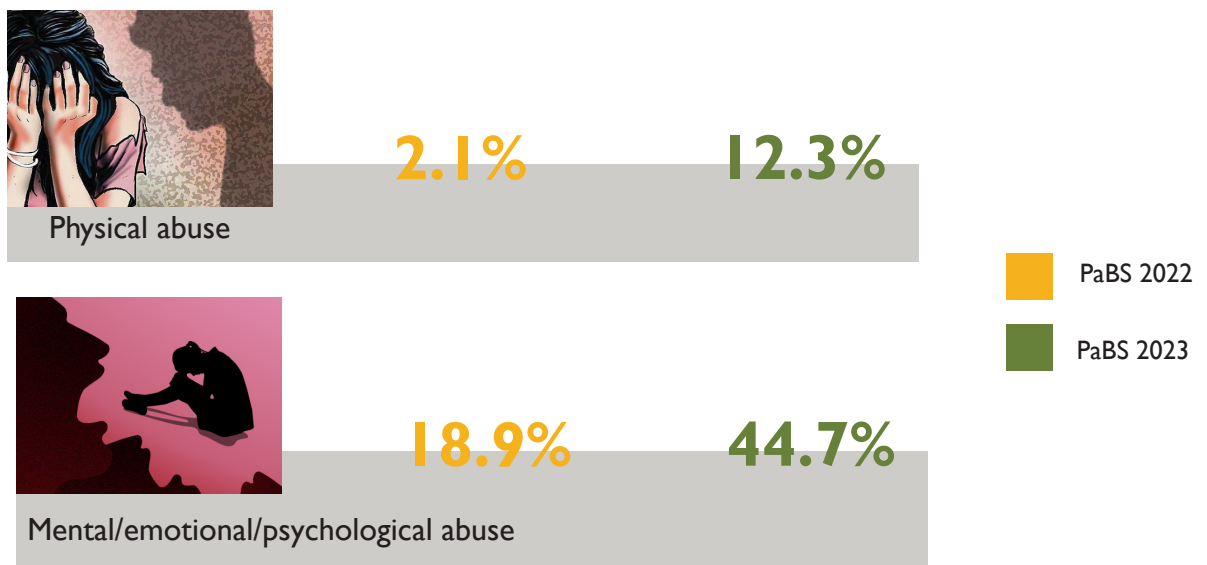


Figure 2: Household-level violence due to the price hike of food commodities

By September 2023, nearly 45.0% of households reported incidents of gender-based violence (GBV), marking a stark increase from 18.9% in July 2022, a 26.0% escalation. As nearly half of the surveyed women reported experiencing such forms of abuse, highlighting a grave and urgent issue that necessitates immediate attention and action. Further, 12.3% of participants reported physical abuse, up from 2.1% last year.

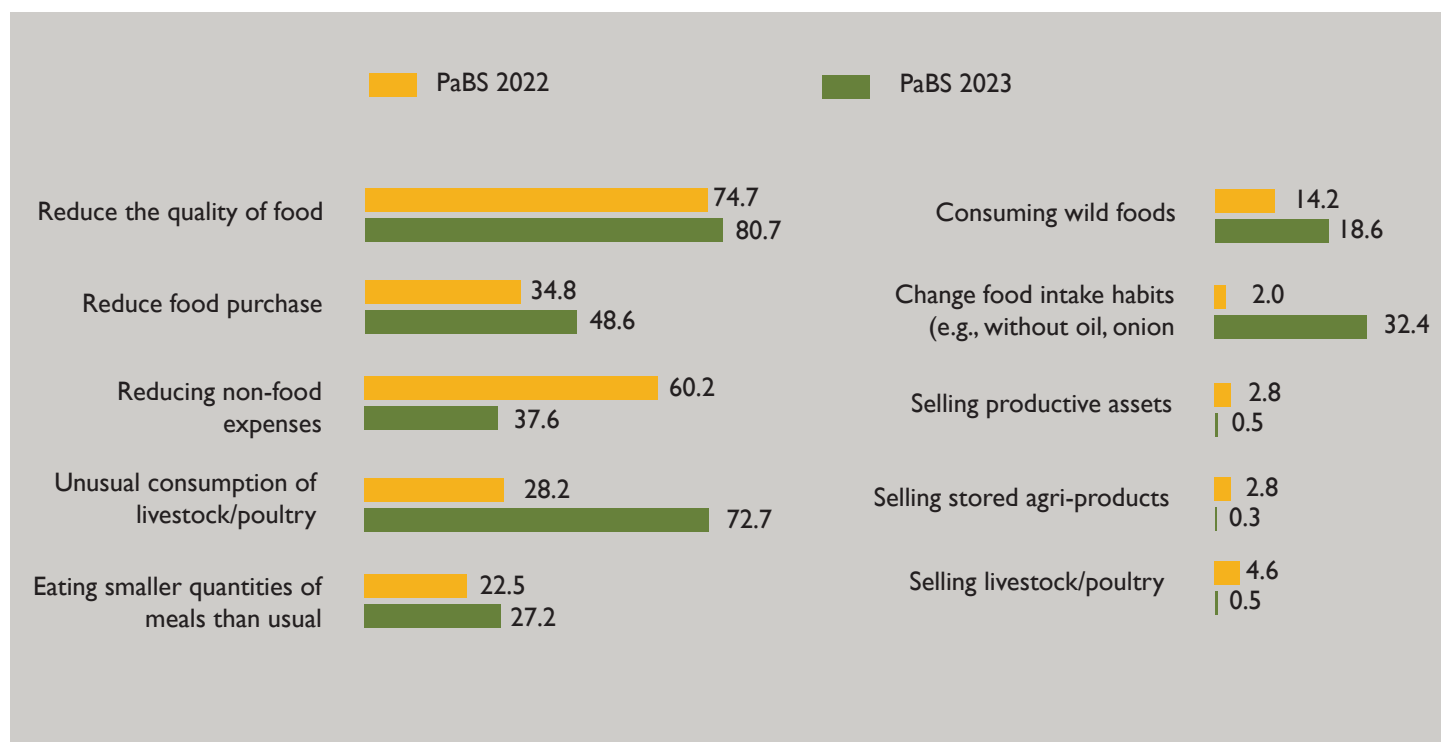
The data unequivocally reveals a surge in instances of mental, emotional, psychological, and physical abuse against women over the preceding year. A similar upward trend in violence against women was discerned during the COVID-19 crisis, as documented in the SHOUHARDO III PaBS report conducted in 2021. The RMS conducted the same year corroborated these findings, pinpointing financial hardship as a principal catalyst for household-level frustration, culminating in GBV. Given this backdrop, the economic turmoil triggered by the recent price hikes has the potential to exacerbate such occurrences, underscoring the need for immediate and targeted interventions.

Coping Mechanisms

Increases in the cost of food commodities severely impact poor households, reducing their purchasing power and negatively affecting their standard of living. Poor households adopted negative and positive coping mechanisms to survive the shock.

Negative Coping Mechanisms

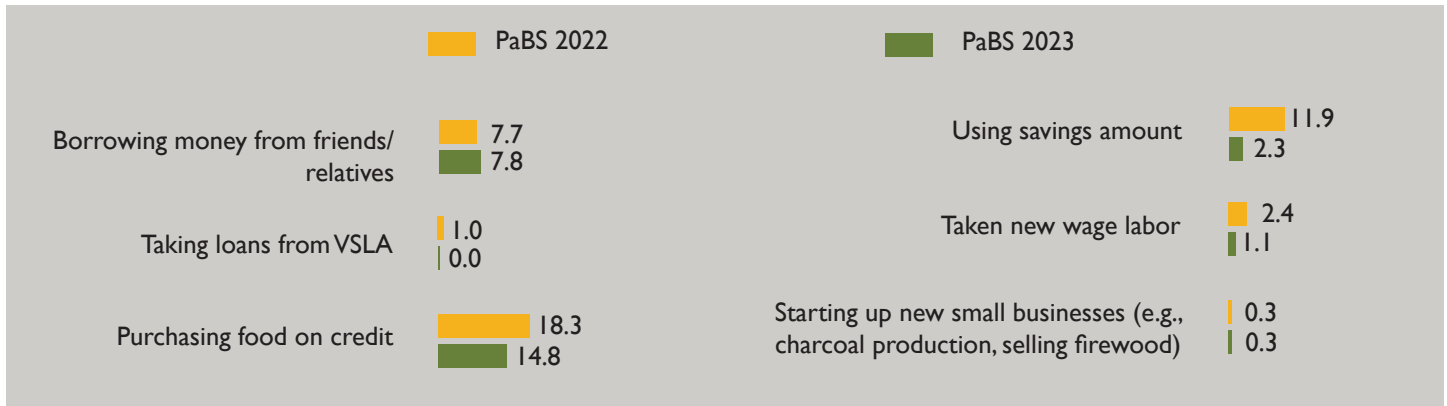
The prevalent negative coping mechanisms identified include diminishing food quality, reducing non-food expenditures, curtailing food purchases, engaging in unusual consumption of livestock/poultry (consuming them rather than selling in the market, selling at lower prices), decreasing meal frequency, buying food on credit, skipping multiple meals, and reducing medical spending. Data from September 2023 reveals that a significant portion of households persist in resorting to these detrimental strategies. Notably, there is a considerable and alarming increase in households altering their food consumption habits (e.g., excluding items like oil and onions), with 32.0% adopting such changes and an overwhelming 73.0% engaging in unusual consumption of livestock/poultry. These statistics highlight that households continue to endure price shocks as of September 2023, prompting them to adopt more severe coping mechanisms.



Graph 2: Negative coping mechanisms adopted by the participants to minimize the impact of price hike

Positive Coping Mechanisms

Relative to 2022, it is evident that fewer households are resorting to positive coping mechanisms, such as utilizing savings, accessing loans through Village Savings and Loan Associations (VSLAs), borrowing money from friends or relatives, engaging in new wage labor, and initiating small businesses – the practices have either decreased or remained static as of September 2023. This trend may suggest that program participants are gradually exhausting these resources.



Graph 3: Positive coping mechanisms adopted by the participants to minimize the impact of price hike

In summary, the analysis demonstrates that the repercussions of price shocks have intensified over the past 12 months, leading to an increased reliance on negative coping mechanisms by more households.

Conclusion

The insights garnered from the September 2023 survey unequivocally underscore the profound ramifications of soaring food commodity prices on program participants and the rural poor in Bangladesh. This upward trend in prices has precipitated substantial financial constraints for a considerable segment of program participants, culminating in formidable challenges in fulfilling critical needs, including the acquisition of nutritious food, access to vital commodities, management of healthcare expenses, and ensuring educational opportunities.

National-level data in August 2023 corroborates CARE's findings, pinpointing the annual inflation rate in Bangladesh at a robust 9.92%¹. This figure reflects a modest uptick from the preceding month's rate of 9.69%². The inflationary surge in Bangladesh is predominantly driven by food items and non-alcoholic beverages, which comprise a significant 59.0% of the consumer price index³. Within this segment, the inflation rate reached a peak of 12.54% in August 2023⁴.

Additionally, other crucial sectors, such as transportation, have played a role, exhibiting an inflation rate of 8.7%⁵. It is noteworthy to mention that since April 2023, the inflation rate in Bangladesh has consistently exceeded 9.0%, with projections indicating a potential stabilization of around 5.5% in the forthcoming years⁶. Furthermore, the depreciation of the Bangladeshi Taka compared to the US dollar has also been a catalyst for inflation⁷.

The resultant decline in nutritional meal intake is particularly disconcerting, as evidenced by SHOUHARDO III Plus's low scores for the prevalence of children 6–23 months receiving a Minimum Dietary Diversity (52%) and a Minimum Meal Frequency (33%), revealing that children are disproportionately shouldering the impacts of the escalation in food commodity prices. Concurrently, the surge in domestic violence is a source of grave concern, with nearly half of women (45%) reporting experiences of mental, emotional, psychological, and physical abuse. As the crisis unfolds, households find themselves in an unrelenting embrace of negative coping mechanisms, while their capacity to engage in positive coping mechanisms is witnessing a stark downward trajectory. The PaBS 2023 survey paints a grim picture, illustrating that program households are ensnared in a relentless cycle of debt, shouldering an average loan burden of 55,000 Taka (or USD 500) for consumptive use (57%) and 20% for productive use.

CARE Bangladesh Response

SHOUHARDO III program of CARE Bangladesh significantly boosted the long-term resilience of women, families, and communities, equipping them to handle crises. In the operational zones of SHOUHARDO III Plus (the successor project), participants mainly engage in daily wage labor, agriculture, and seasonal migration to urban areas. Ensuring access to diverse income streams is crucial for these individuals, especially in times of crisis. The current program, in conjunction with DRR initiatives, is actively expanding activities related to VSLAs, improving access to affordable loans and credit facilities, and enhancing connections to governmental safety programs. CARE is committed to addressing the fundamental causes of vulnerability and reinforcing the support systems – social, economic, and technical – that cater to various community groups.

Nonetheless, the data and subsequent analysis clarify that PEP households are currently grappling with a critical crisis in the post-COVID-19 recovery era. Considering this, CARE is calling on international development partners and the Government of Bangladesh to amplify funding for social safety nets directed at the most vulnerable populations and to initiate both unconditional and targeted cash transfers to cover necessities and facilitate diversification of livelihoods.

End note:

1. bb.org.bd
2. tradingeconomics.com
3. tradingeconomics.com
4. bb.org.bd
5. tradingeconomics.com
6. statista.com
7. <https://www.newagebd.net/article/211851/taka-marks-sharpest-fall-in-46-years#:~:text=The%20devaluation%20of%20the%20local,the%20highest%20in%2046%20years.>

Price hike:Voice of the community

1. [Rural poor in Bangladesh are struggling with their next meal](#)
2. [Price Hike in Bangladesh: Rural people choosing between food or medicine](#)
3. [Price Hike in Bangladesh: Rural people forced to choose between housing and food](#)
4. [Price Hike resulted in school dropout and triggered child labor in Bangladesh](#)