

Living on a Spike

How is the 2011 food price crisis affecting poor people?

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Executive summary

'I often get afraid of asking the price – I ask from a distance, hear it, and then slowly go away.'

Agricultural labourer in Dhamuirhat, Naogaon district, Bangladesh

Global food prices rose through much of 2010 and into early 2011. What does that mean for the lives of poor people in developing countries, who spend up to 80 per cent of their household income on food? To find out, IDS research partners and Oxfam went to ask them, returning in March 2011 to eight community 'listening posts' in Bangladesh, Indonesia, Kenya, and Zambia, that were previously visited in 2009 and 2010. The researchers asked: What has happened to prices and wages since last year? How are people adjusting to these changes? What do people think causes food price volatility, and what do they think should be done about it?

The overall picture that emerges from these eight communities is of a more varied impact than during the 2008 food and fuel price spike. This is partly because food prices have not risen evenly everywhere. Zambia, for instance, has seen prices of maize (its food staple) decline since 2010, whereas in Bangladesh, Indonesia, and Kenya, the price of the main staple – rice or maize – is higher than in 2010. In all eight communities, prices of most other foods, including sources of protein (meat, fish, tofu, or lentils), vegetables, and cooking oil, have also risen, as have many non-food essentials, such as cooking fuel, transport, rent, and other items, including fertilizer in Zambia.

The more uneven impact of the 2011 food price spike also reflects the fact that some groups have seen their earnings rise faster than inflation, while others have not. An overall pattern emerges from the recent global economic volatility: one of 'weak losers and strong winners'. The losers – those already struggling in low-paid, informal sector occupations such as petty trading, street vending, casual construction work, sex work, laundry, portering, and transport – are doing worse. Many have seen stagnant or only slightly raised rates of pay, which have been swallowed up by higher food prices, combined with more erratic access to work or customers. These people are clearly worse off than last year. They strongly believe that the government is not on their side in their efforts to eke out a living. Regulations on where people can run their businesses or provide their services, police harassment, and unfavourable new laws mean that making a living has got harder, not easier, for many in this group over the past year.

But some groups – usually those who were already relatively better off – have done better than last year. Commodity producers and export sector workers have largely benefited from the global recovery, as have some people in other occupations linked to these groups. But minimum wage rises for garments export workers in Bangladesh (now at \$41 per month) have not come about as a result of the global recovery; a long and sometimes violent campaign was necessary to raise workers' wages there. In contrast, export sector workers in Indonesia are not feeling any better off, even though there are more jobs and the minimum wage has increased at its (Indonesian) regional rate. This is because there is now more competition and tighter eligibility conditions on export sector jobs, and contracts are more 'flexible' – shorter-term, with poorer benefits – than before the crisis.

Groups such as public sector workers have not become significantly better off, but their strong position in relation to governments has at least ensured that their earnings have kept pace with inflation. Small-scale farmers and small market and food traders have not generally done well, despite the high price of food. High input costs and the squeeze on people's purchasing power has meant that profits from growing and selling food remain low for those with least scope to diversify and spread their risk.

People are adjusting to high food prices in more nuanced ways this year, compared with 2009. While some people are eating less and going hungry, the more usual pattern is for people to shift to cheaper, less preferred, and often poorer-quality foods – sometimes bland food cooked without oil or condiments, unfamiliar cuts of meat, poorer-quality staples, and in general, less diverse diets. The social effects of the food price rises also seem more moderate: there were fewer reports of children being withdrawn from school, but an increasing sense of concern about dependence on debt. Yet, the effects differ by gender, and in ways that are familiar from previous rounds of the research: women come under more pressure to provide good meals with less food, and feel the stresses of coping with their children’s hunger most directly. These stresses push women into poorly paid informal sector work, competing among themselves for ever more inadequate earnings. Men also feel the effects: the food price rises severely undercut their capacities to provide for their families, leading to arguments in the household and fuelling alcohol abuse and domestic violence. In the worst instances, couples split up or look for better-off partners to cope with the tough times.

In one Bangladeshi village, some people were believed to be accumulating micro-credit loans simply in order to make their loan repayments; default rates were believed to have risen. Many people are spending less on personal items like clothes and cosmetics, and scaling down their social lives. Government safety nets have provided some support, but this has generally failed to protect people from the effects of the price rises. The result of these adjustments is not generally starvation, but an overall increased level of discontent and stress. Poor people are having an even more difficult time getting by; the anxieties of the daily grind have become even more arduous and attritional.

The extent of people’s discontent with the situation becomes clearer when asked about their opinions on the causes of food price rises, and what should be done about them. From across the eight sites comes the sense that local food prices depend on harvests and environmental conditions in-country; there was a strong undercurrent of concern over scarcity from the way people spoke about population pressures and shrinking agricultural farmland in some places. Few people think international food prices are an important cause; some even dismiss such factors as merely convenient excuses made by their ineffective governments. But while governments are held responsible for acting to protect their people from price spikes, they are generally seen as having failed to do so effectively. There is a belief that governments can act to keep prices low if they want to; in Zambia, for instance, some people credited the imminent elections with putting political pressure on the government to keep staple prices low.

Poor people’s explanations of why governments have generally failed to act on food price rises revolve around two key perceptions: that governments do not care about poor people’s concerns; and that corruption at different levels of the system ensures that prices cannot be controlled, either because market inspectors can be bought off, national politicians owe big businessmen favours for help with election expenses, or cartels are permitted to operate.

Most people do not think that lack of knowledge of the situation is the main problem, but there is also a strong sense that closer monitoring and having a more effective voice – through demonstrations and protests as well as through research of this kind – could help raise their concerns.

Young urban men appear particularly angry about government failures to act. With ongoing revolutions in the Middle East and other protests against governments in Europe, the stress and discontent fuelled by high food prices merits close attention.

1. Introduction

'It's inevitable that food prices will rise at some point. But when this happens, people's income should be raised to match the rise in food prices. If people's income can't be increased, then government should find ways of stabilising the prices to levels that even the poor can manage...'

Focus group discussion with informal sector workers in Kabwata, Lusaka, Zambia

'You know what, I often get afraid of asking the price – I do not know what I have to hear. I ask the price from a distance, hear it, and then slowly go away.'

Agricultural labourer in Dhamuirhat, Naogaon district, Bangladesh

In April 2011, world food prices fell back slightly for the first time in eight months, but remained at 37 per cent above their March 2010 level. The Food and Agriculture Organization of the United Nations (FAO) warns that food is likely to remain expensive into 2012.¹ The World Bank estimates that in February 2011, world food prices were only 3 per cent below their 2008 peak,² and in some places, for some items, they even exceeded their 2008 levels. Rapid rises in the basic costs of living are occurring in the slipstream of the global economic recovery, but have been overshadowed in the media by the drama of the Arab spring – events that some believe to be connected.³

Coming in such rapid succession, these two price spikes suggest that after a long period of relatively stable, low food prices, volatility may be becoming the norm. It is therefore important to understand the cumulative impact of these price spikes on poor people, and their broader social and political consequences. In many poor countries, 70–80 per cent of household expenditure is devoted to putting food on the table (compared with 10–20 per cent in rich countries).⁴ Food prices are thus a matter of life and death, or at least, of hunger and plenty.

Most research on the food price spikes in 2008 and 2011 has focused on macro-economics, analysing global price trends and statistics, and their impacts, from afar. Oxfam GB and the Institute of Development Studies (IDS) decided to take a different approach, seeking to reveal the human face of the crisis by soliciting the views of poor people in eight communities across four countries – two in Asia (Bangladesh and Indonesia), and two in Africa (Kenya and Zambia). This report summarises the findings.

Food price volatility is one important aspect of a much wider development issue: the threat of systemic crisis as the effects of population and economic growth increasingly collide with ecological limitations, including fertile soil, fresh water, and 'room to pollute' in the form of CO₂ and other by-products of growth. This is the subject of 'Grow' – a four-year campaign launched globally by Oxfam in June 2011.

2. The research

'Do not ask me all these things, I know nothing. If you [the research team] and I discuss these things, what will be the impact? Will the price of food items come down? I don't think so!'

Transport worker in Notun Bazaar, Dhaka, Bangladesh

'We have already told you [the research team], you should report it to the government!'

Formal sector worker in Gandasari, near Jakarta, Indonesia

The research carried out for this report used rapid, qualitative, and participatory methods, and was designed to explore the following questions:

- How is this round of global inflation and food and fuel price volatility affecting real lives and local communities in developing countries, particularly poor people?
- Has the global economic recovery resulted in rising incomes that have balanced out the rising costs of everyday life?
- Whose wages have *not* risen, and how are these people coping with the deficit?
- What adjustments are people making to cope with rising prices?
- How do poor people understand the causes of these rising costs? What do they think can and should be done about them? Who should take such action?

To answer these questions, this report draws on repeat rounds of research in eight African and Asian communities or 'listening posts' – two each in Bangladesh, Indonesia, Kenya, and Zambia. Each round took place during the same season, in the first quarter of the year, thus ensuring greater compatibility of the findings. The research involved revisiting people and places first visited in early 2009, just after the 2008 global food and fuel price spike, at the moment the global financial crisis struck. Even then, it was clear that the financial crisis was causing people in these communities to draw down a great deal of their resources and assets; there was already evidence of considerable hardship and social stress, and there were signs of crumbling social cohesion.

The second round of research took place in early 2010, when the global economy was recovering from the multiple crises of the previous year, and food prices around the world had stabilised or fallen. For most people, early 2010 was a brief period of respite; most of those who had been hit directly by the downturn were returning to jobs connected to the global economy, while there were also signs that stable or lower food prices had helped contain or reverse the rising levels of hardship previously witnessed.

This report is mainly based on a third round of research carried out early in 2011. By that time, it was evident that there was a danger of another food and fuel price spike to match the 2008 spike. For this round of research, the questions asked were not only to do with how well the people and communities involved were managing with high commodity prices, but also to explore the after-effects of the global downturn. At a time of unprecedented social and political unrest, which has been linked (accurately or otherwise) to popular discontent over food price rises and declining standards of living, we also wanted to take the political temperature by asking: how do people view the causes of commodity price volatility, and who do they hold responsible?

The eight community 'listening posts' were selected in 2009; the research team chose one rural and one urban or peri-urban area in Bangladesh, Indonesia, Kenya, and Zambia (see Box 1 for more information on the rural listening posts, and Box 2 for more on the urban listening posts). Each community has been visited on at least three occasions, and there have been several interim visits and local events to disseminate research findings. The

areas were not chosen on the basis of their representativeness of the country as a whole (which would have been impossible), but in order to give a variety of places with different types and degrees of integration into the global economy, and different forms of poverty and vulnerability. As far as possible, locations were selected where research partners had previously worked with the community.

Where possible, the research teams revisited the same occupation groups and the same people to find out how things had changed since the last research round in 2010. Over the three rounds, the team has developed and refined a set of participatory tools that were effective in enabling people to explain how they were experiencing the current economic situation. They include wealth ranking exercises, purchasing power exercises (using food baskets selected by local participants), life stories, and cause-and-effect analyses. At least four focus group discussions took place in each site, with participants from a range of low-paid occupations, as well as household case study interviews, and key informant interviews with local officials, non-government organisation (NGO) staff, or market traders.

Box 1: The rural listening posts

The rural community in Bangladesh was **Dhamuirhat**, an area of smallholders and contract farmers in the north-west district of Naogaon, on the Indian border. Cross-border smuggling, including of fertilizer, is an off—on source of income, which the government has recently clamped down on. Brickfields are growing in importance in the local economy and are increasingly hiring labourers who previously worked on farms; however, there have been complaints of environmental degradation from brick production. Internal migration is an important source of survival, and the area has some of the highest concentrations of extreme poverty in the country.

Most households in the village of **Simpang Empat**, in Banjar district, South Kalimantan, Indonesia, own rubber plantations, tap rubber on others' trees, or are otherwise connected to the rubber industry. Local coalyards also employ truck drivers and labourers, and have started to buy up local land. The people of Simpang Empat are directly affected by the global price of rubber: when it slumped in 2009, some left to try their luck in gold mines elsewhere. In 2011, the price of rubber had recovered, and all the migrants had returned to the rubber farms.

In Kenya, the research focused on people living in the **Lango Baya** sub-location, about 50km from the coastal tourist resort of Malindi. People here depend on subsistence farming, petty trading, charcoal production, and some wildlife poaching; there has been some involvement among artisans in tourism, although local people's livelihoods are generally not connected with the larger coastal resorts. The long drought in Kenya has hit this area particularly hard, and there are extremely high levels of poverty, vulnerability, and food insecurity.

In Zambia, the rural listening post was **Chikwanda**, a village located 12km from the district centre of Mpika, in the Northern Province. Mpika acts as a transport hub and business trading area for cross-border trade with Tanzania. Livelihoods predominantly depend on agriculture, particularly subsistence maize production. There have been efforts to diversify into vegetable production, but access to fertilizer is limited. There are high levels of chronic poverty.

Box 2: The urban listening posts

People in **Notun Bazaar**, Mirpur, in Dhaka, Bangladesh, describe themselves as ‘the people of the broken river’ – climate change refugees who lost their lands in the south to river erosion. The constant threat of eviction from this informal settlement, where many people have lived for more than 20 years, remains the greatest single risk to the community as a whole. Most people earn their livelihood from the recycled waste trade, the garments industry, transportation, and petty trade. Some people who have a more transient existence are extremely poor; for most of these people, the type of work they do leaves them directly vulnerable to global economic shocks.

In Indonesia, the listening post is the peri-urban village of **Gandasari**, in Bekasi district, outside Jakarta. Gandasari is something of a dormitory village for migrant workers in the automotive, garments, and other manufacturing units in the nearby industrial complex – one of the largest in South-East Asia. Most residents depend on the export factories directly, as employees, or indirectly, with ‘native’ residents mainly landlords and providers of services to factory employees, or in sectors associated with export production. This means that while the area is not, on average, poor, it is directly exposed to volatility in international trade.

In Kenya, the urban site was in the **Mukuru** urban settlement in Nairobi, an area with a population of more than half a million. Most people work in the informal sector, serving the nearby industrial areas, and are engaged in local petty trading, domestic services such as laundry, sex work, transport and baggage-handling, and other low-income activities. There are high levels of poverty, deprivation, and personal insecurity.

Kabwata, in Lusaka, Zambia, is a medium to densely populated urban area. Livelihoods are concentrated in the informal sector, petty trading, and local services, with some low-paid formal sector groups such as security guards, and some public sector workers. There are high levels of poverty and deprivation, and concerns about increasing levels of alcohol abuse and sex work.

The research has been conducted by teams in the four countries, including staff from BRAC Development Institute at BRAC University in Dhaka, Bangladesh; the SMERU Research Institute in Jakarta, Indonesia; Mpereza Associates in Nairobi, Kenya; and in Lusaka, Zambia. The research teams included a range of disciplinary and professional backgrounds, with anthropologists, economists, experts in participatory processes and monitoring and impact assessment, sociologists, and urban planners. Over the three years, the research teams have built good relationships with the communities and strong knowledge of the local areas. Feedback sessions have been organised or are planned in each of the four countries, and the teams have also used the research findings to influence policy debates at the national level.

The experiences and responses of these eight communities are not intended to be representative of the global experience of the food price crisis of 2011, or of poor people in developing countries as a whole. Their voices constitute a small handful, a few hundred at most, of the billions now experiencing the hardship of inflation amidst persistent poverty. Wherever possible, efforts have been made to situate these people’s voices and their accounts of what is happening alongside other evidence of prices and changes in local economies. However, to a large extent, it has been necessary to rely on what people report and on other highly localised information. Despite these limitations, we hope that their voices are illustrative of the ways in which food and fuel price volatility are adversely affecting the quality of life of many poor people, and contributing to popular discontent and dissatisfaction with the response of public authorities and governments to their plight.

3. What is happening to prices and incomes?

The 2011 food and fuel price rises have come as a sharp shock to many families. But they are not as universally distributed across the eight selected sites as they were in 2009. Zambia has generally been spared rises in staple food costs, which actually came down in 2010 (although other food and non-food costs remain unaffordable). Nor have the 2011 price rises affected communities as evenly as they did during the previous spike in 2008–9; increases in wages and earnings mean that for a number of groups, price rises are being compensated for by higher nominal incomes. These have, however, been unevenly distributed across different occupation groups in these communities, and a common concern is that even quite substantial rises in income have not been enough to keep up with the rising cost of living.

3.1 The return of the food price spike – but not everywhere, and not for all foods

‘The prices often give me a heart attack.’

Retired government official, Naogaon district, Bangladesh

The 2011 food price rises have evidently come as something of a shock. A retired government official from Dhampurhat, in the north-western Bangladesh district of Naogaon, described a mobile phone advertisement which depicts people as having been struck by lightning on visiting the market and hearing the prices being charged. The ad, he said, captured his feelings perfectly: *‘Quite frankly, I feel the same way. The prices often give me a heart attack.’* In Lango Baya, in Kenya, women who work as *vipande* (farm labourers) precisely date the moment when food became scarce (and higher in price) to December 2010. A food stallholder in Bekasi, near Jakarta, Indonesia, similarly cited December as the start of the current spike. A woman in Lango Baya described how prices rise on a daily basis:

‘You go to a shop to buy something with the same amount as you paid the previous day, only to be told that the prices have risen. For example, you bought maize flour the day before at KSh68 (\$0.81) and you find it is now KSh72 (\$0.85).’

By contrast, in Zambia, the price of the staple food, maize, has come down since last year, even if other food items remain expensive. Figure 1 (pages 9-10) gives an indication of staple price changes at the national level; the national trends are closely mirrored by reported changes in the main items of household expenditure. A sample of reported price changes is provided in Table 1. The shaded items are those for which prices have gone up.

Table 1. Changes in the reported cost of living in rural sites

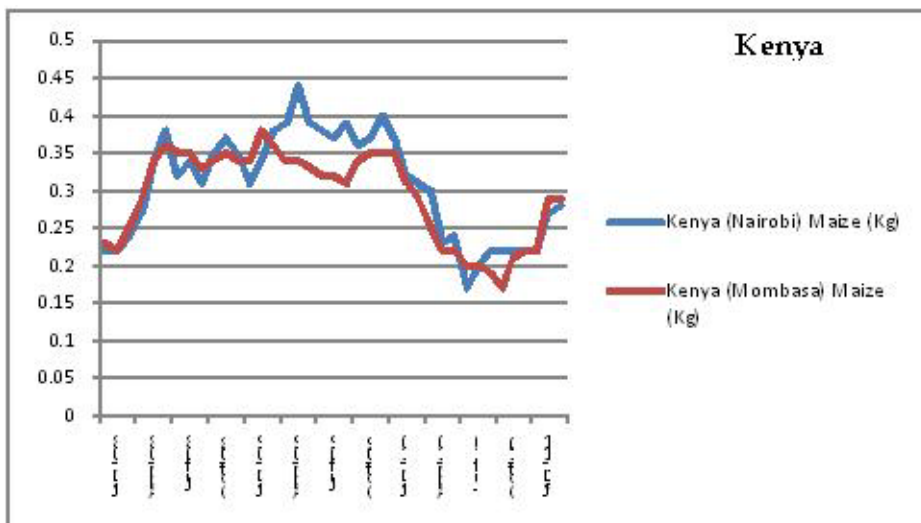
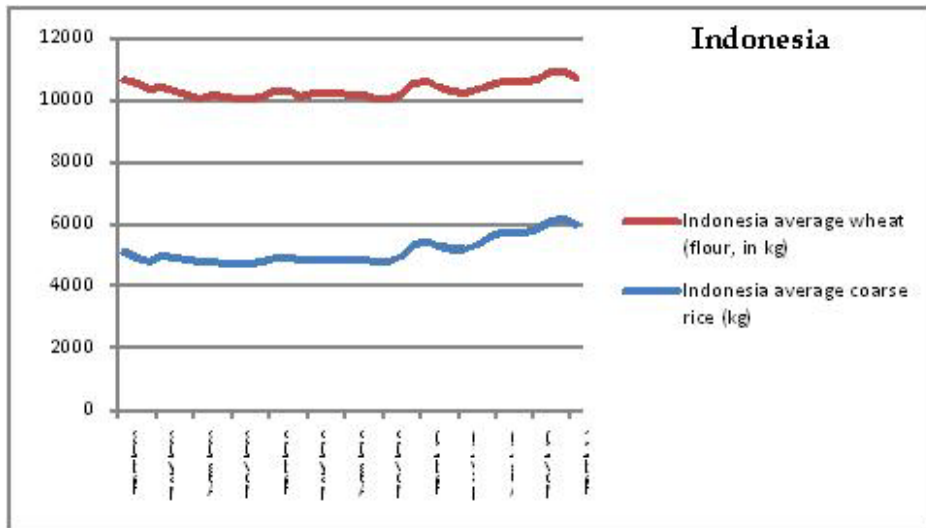
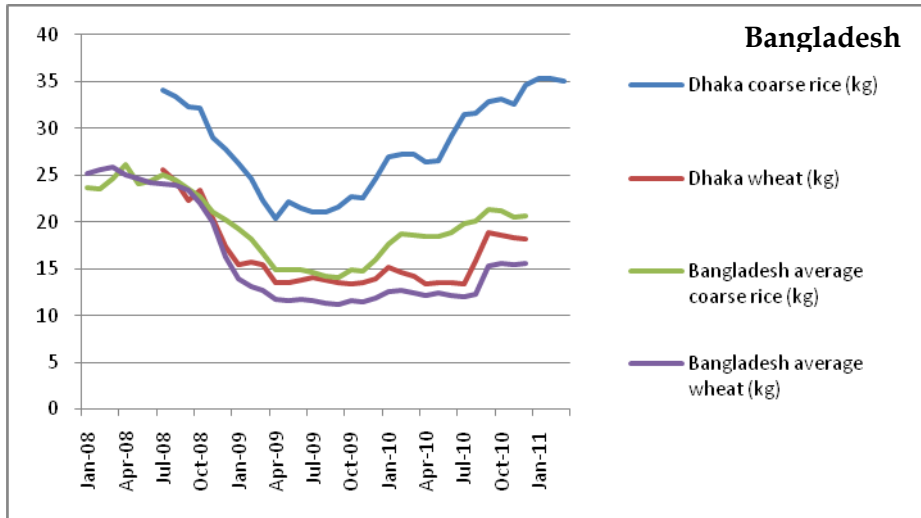
Group reporting prices	Items	2010 prices	2011 prices	Comments by research participants
Bangladesh Shopkeeper interviews in 3 markets near	Paddy (80lb ‘maund’)	700-830 (\$9.6-11.4)	870-1,040 (\$11.9-14.3)	Production has been low, so prices are high
	Coarse rice (kg)	25-30 (\$0.34-0.41)	32-33 (\$0.44-0.45)	See above

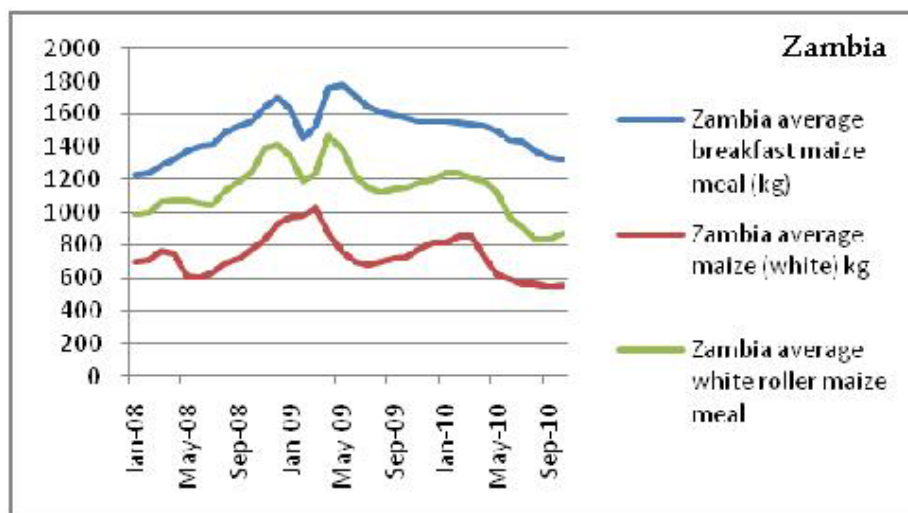
Dhamuirhat, Naogaon, (price ranges in taka)	Fine rice (kg)	27-33 (\$0.37-0.45)	35-37 (\$0.48-0.50)	See above
	Flour	20-26 (\$0.27-0.36)	30 (\$0.41)	Low production (Bangladesh imports most of its wheat, so this may refer to the global market)
	Lentils masoor (kg)	80-120 (\$1.10-1.65)	100 (\$1.37)	
	Soyabean oil for cooking (250g)	20-23 (\$0.27-0.32)	30-32(\$0.41-0.44)	Imported, so the price is high
	Salt (kg)	7-8 (\$0.10)	7-8 (\$0.10)	Government is controlling the price, hence the lack of fluctuation
	Turmeric (100g)	20-25 (\$0.27-0.34)	30-36 (\$0.41-0.49)	Low production and market shortages causing price rises
	Onion (kg)	24-40 (\$0.33-0.55)	18-24 (\$0.25-0.33)	Good onion crop this year; abundance has brought the price down; less smuggling to India after a clampdown on cross-border smuggling
	Farm chicken (kg)	95-115 (\$1.30-1.58)	130 (\$1.78)	Cost of poultry rearing has risen, so production is down and price is up
	Red potatoes (kg)	8-10 (\$0.11-0.14)	6-7 (\$0.08-0.10)	Good potato production this year (also for white potatoes)
	Diesel (litre)	45 (\$0.62)	45 (\$0.62)	Government subsidies are keeping the price stable
Indonesia District trade office, Kabupaten Banjar, Kalimantan Selatan (prices for January 2010 and January 2011, in rupiah)	Rice (kg) <i>dukuh</i> (high-quality local variety rice)	6,700 (\$0.77)	11,250 (\$1.30)	Prices of locally produced food items such as local variety (preferred) rice, chillis and shallots have increased because of unusual rains and flooding in several Banjar production centres. Bad weather made transportation of other rice varieties from Java expensive and difficult, which raised the price
	Rice (kg) <i>dolog</i> (government-subsidised rice sold below market price to keep prices below. Not the same as <i>raskin</i> rice or rice-for-the-poor)	3,500 (\$0.40)	6,500 (\$0.75)	
	Sugar	10,750 (\$1.24)	11,000 (\$1.27)	
	Shallots	12,000 (\$1.39)	24,000 (\$2.77)	

	Red chilli pepper	13,000 (\$1.50)	32,000 (\$3.70)	
	Local bird's eye chilli pepper	15,000 (\$1.73)	100,000 (\$11.60)	
	Cooking oil	8,500 (\$0.98)	8,500 (\$0.98)	
	Kerosene	3,500 (\$0.40)	5,000 (\$0.58)	
	Chicken	13,000 (\$1.50)	24,000 (\$2.77)	
	Beef	70,000 (\$8.09)	69,000 (\$7.97)	
Kenya Youths in Lango Baya (prices in Kenyan Shillings)	2kg packet of maize flour	48 (\$0.57)	75 (\$0.89)	Last year used to buy two 2kg packets of maize, but now can only afford one packet, because maize prices have risen, and other essential items have also
	Paraffin	20 \$0.24)	26 (\$0.31)	
	Small fish	20 (\$0.24)	30 (\$0.36)	
	Coconut	15 (\$0.18)	15 (\$0.18)	
Zambia Market stallholders in Mpika market centre, Northern Province (prices in kwacha)	Maize meal (25kg)	52,000 (\$11.02)	40,000 (\$8.48)	The market is flooded with the same commodities, which depresses food prices
	Beans (10 litre)	25,000 (\$5.30)	30,000 (\$6.36)	
	Groundnuts (50kg)	300,000 (\$63.63)	300,000 (\$63.63)	
	<i>Kapenta</i> (20 litre)	60,000 (\$12.73)	75,000 (\$15.91)	
	Dry fish (50g)	350,000 (\$74.23)	450,000 (\$95.44)	
	Vegetables (cabbage, 50kg)	25,000 (\$5.30)	25,000 (\$5.30)	Local vegetable farmers have failed to diversify because of unaffordable agricultural inputs, so there is very little diversity in vegetable supply and prices per unit stay low
	Tomatoes	30,000 (\$6.36)	30,000 (\$6.36)	
Onions (50kg)	200,000 (\$42.42)	150,000 (\$31.81)		

Notes: unshaded areas indicate items for which prices have dropped or been stable since 2010.

Figure 1. Prices of staple foods since early 2008: Bangladesh, Indonesia, Kenya, and Zambia





Sources: www.fao.org/giews/pricetool/ (accessed 30 March 2011) from Department of Agriculture Marketing (DAM), Bangladesh; Badan Pusat Statistik (BPS), Indonesia; Regional Agricultural Trade Intelligence Network (for Kenya); Central Statistical Office (Zamstats), Zambia. Notes: Bangladesh, Indonesia and Zambia: retail prices in local currency in real terms; Kenya: wholesale prices in \$.

As Figure 1 illustrates, in real terms (i.e. allowing for inflation), the price of coarse rice (on which poor people depend) was higher in parts of Bangladesh and Indonesia than during the 2008 price peak. But while food prices in Indonesia have remained high ever since 2008, with only modest downward fluctuations, Bangladesh saw a sharp fall in the price of basic foods after the 2008 peak, with prices climbing fairly steadily throughout 2010. The data indicate that the steepest price rises were found in the capital city, Dhaka, where the price of coarse rice was significantly higher than the national average.

In Kenya and Zambia, the price of maize peaked in May 2009, and things were improving into 2010; feedback from the listening posts reflected a period of relative relief. However, in 2011, reports from the Kenya listening posts indicated a rise in the price of maize, while reports from Zambia indicated a fall in the price. Market stallholders in Mpika, Zambia, commented that:

'People are still buying the same quantity of food they were buying last year. Nothing has changed. The prices are the same as a year ago, though people still complain that the prices are high compared to their income.'

Another view from the Mpika market women was that:

'Sometimes people adjust in terms of the types of food they buy, but this is not to say that food is now expensive, but rather, some people just want to eat different things.'

This sense of being able to choose to buy different foods contrasts greatly with the struggle described in the Kenyan communities to maintain basic food intake. The diverging trends in maize prices in part reflect the very poor maize harvest from the 2010/11 short rains in Kenya compared with Zambia.⁵

In addition to the rising cost of staples reported by communities in Bangladesh, Indonesia, and Kenya, the prices of many other foods such as protein-rich meat, fish, lentils, eggs, and tofu, as well as vegetables, cooking oil, and spices, were also unaffordable or rising. The rising cost of protein items was also noticeable in Zambia, where the Mpika market executive committee pointed out that *kapenta* (small fish) prices had increased by 25 and 31 per cent respectively since last year. According to women in the Chikwanda community, in rural northern Zambia, the rising cost of protein items has partly offset the lower price of staple goods.

3.2 Fuel and fertiliser costs

'The majority of farmers living in my territory are not producing surplus because they cannot afford to buy fertilizer and hybrid seeds. Government needs to make things easier for the rural farmers. It needs to subsidise the price of the inputs.'

Chief, Chikwanda, Zambia

Prices of most non-food items, including fuel, and agricultural inputs such as fertilizer, were reported to be less uniformly high than in 2009. Fertilizer costs remained high in Zambia, which was one reason why rising maize prices were reported not to have improved the livelihoods of small farmers in that area. In Chikwanda, the situation was explained as follows: most households are not in the cooperatives (through which subsidised fertilizer is distributed) and so have to buy more expensive fertilizer at retail outlets, and therefore buy insufficient quantities. The Chief of the Chikwanda community noted that some 70 per cent of the local population, mostly poorer people, could not afford to buy adequate inputs – a situation unchanged since the previous year.

By contrast, the Bangladesh government was said by Naogaon market traders to have maintained fertilizer subsidies 'to save the farmers' (see Table 2). In the rubber-growing area of Banjar, in Indonesia, fertilizer prices were higher in 2011, but so too were rubber prices: the village secretary of Desa Simpang Empat noted that while at the end of 2009, rubber collectors were paying only Rp3,000 (\$0.35) per kg, the price was now around Rp13,000 (\$1.50) per kg, and had even been known to reach Rp15,000 (\$1.73) per kg.

Table 2. Reported fertilizer costs

Location and source	Fertilizer type	2010	2011
Focus group discussion (FGD) with women in Chikwanda, Zambia (kwacha)	Compound D (50kg)	179,000 (\$37.96)	280,000 (\$59.38)
	Urea	182,000 (\$38.60)	201,000 (\$42.63)
Interviews with traders in three markets near Dhamuirhat, Bangladesh (taka)	TSP (sack)	1,100 (\$15.08)	1,100 (\$15.08)
	Urea (sack)	585 (\$8.02)	585 (\$8.02)
	MPO (sack)	1250 (\$17.14)	750 (\$10.28)
FGD with rubber harvesters and plantation owners, Banjar, Indonesia (rupiah)	No type specified (kg)	±5,000 (\$0.58)	16,000 (\$1.85)

Note: shaded areas indicate rising prices; prices cited for 2010 are based on recall

In Lango Baya and Mukuru, in Kenya, people noted the rising costs of paraffin, charcoal, and transport as particular concerns.

3.3 Wages and incomes

'This Constitution is bad, and the economy has been bad!'

Bar owner in Mukuru, Nairobi

Costs may have risen for many essentials in all eight communities, but not everyone is feeling the pinch equally. One reason for this is that, as noted above, prices have risen unevenly. For instance, the fact that the price of the staple food, maize, has been lower in Zambia than in the previous two years has helped people to adjust to the higher prices of

other items. In the listening posts in the other three countries, prices of essentials have risen more or less across the board.

Yet even within the eight communities, the impact of rising prices has been uneven. Some groups have managed to raise their incomes enough to do well, despite rising costs; these are mainly people in occupations benefiting from the global economic recovery. Many other groups (public sector workers, other formal sector groups, and people with small businesses) in these areas are earning more, too, but in many instances, the amount was barely enough to keep pace with inflation. There is a third group too: those who are doing worse than in previous years, because their earnings remain low and erratic. This group includes most informal sector workers, particularly those in low-paid, casual service provision, as well as petty traders and street vendors.

Overall, the evidence suggests that the impacts of the present food crisis are considerably more dispersed than was reported in 2009. It also suggests that some people may not be much worse off, unlike the situation two years previously. However, there are good reasons to believe that the accumulated effects of rising costs and the economic downturn have eroded people's resilience and coping strategies, especially those who were already among the poorest and most vulnerable in their communities.

The focus group discussions and other research reveal an overall pattern of 'weak losers and strong winners' with respect to wages and earnings (see tables 3 to 5). The losers comprise those who were already vulnerable and poor, and confined to occupations in the overcrowded informal sector, which employs the vast majority of poor people in developing countries. Indeed, earlier rounds of this research found that the recent economic downturn and inflation had pushed many new entrants into the informal sector. Working in informal sector occupations is a low-cost option because the returns are so low: when times are hard, there may be many more women offering laundry services, many more young men to push or pull loads, and many more street vendors selling the same small items at marginal profits. One woman in Kenya who worked as an occasional sex worker explained:

'Some time back, one could hustle and get 100 shillings from a client. But these days you can only get maybe 20 shillings because of the economy and the fact that these days there are other beautiful ladies who do not have children like us and hence they snatch customers from us... The competition is very severe.'

Some people were finding that their labour was being replaced by machines, such as agricultural labourers being replaced by farm technology in rural Bangladesh, and porters being replaced by pick-up trucks in Nairobi.

These 'weak losers' typically lack the protection of the state in pursuing their livelihoods; moreover, in some cases, the state is part of the problem. Several groups cited police harassment or blamed state officials for enforcing regulations they felt were unfair. Other semi-formal sector groups, such as security guards in Lusaka, were not receiving the revised minimum wage levels, as employers were unable to pay those rates. These 'weak losers' do not feel the state is on their side. As one bar owner in Mukuru, Nairobi, put it, when explaining the ill-effects of the Mututho laws (Alcohol Control Act 2010) on her business:

'I used to sell two full jerricans, but now I rarely sell even one! This Constitution is bad and the economy has been bad!'

Small-scale farmers were not reported to have benefited from high food prices in Chikwanda, in Zambia, or Naogaon, in Bangladesh. This contrasts with the rubber farmers in Indonesia, who were able to demand a good price for their products because of improved access to information about the market rubber price. In the case of Naogaon farmers, it was said that the growing number of tiers of intermediaries in paddy markets, each taking their cut, meant that farmgate prices remained low, despite high retail prices.

In Chikwanda, in Zambia, a major concern was the inability of small-scale farmers to access high-cost inputs such as fertilizer. As the village chief explained:

'Even when government talks about food surplus, like this last harvest season, this surplus has never translated into reduced poverty for my people. If we are talking about food surpluses, then we should be able to see a change in people's stomachs and diet. But this is not so. The food surplus is being created by commercial farmers who are supported by government. The majority of farmers in my territory are not producing surplus because they cannot afford to buy fertilizer and hybrid seeds. Government needs to make things easier for the rural farmers. It needs to subsidise the price of the inputs.'

In Dhamuirhat, Bangladesh, small-scale farmers, and particularly those who did not farm their own land, did not benefit from high food prices because the need to repay the loans taken to cultivate meant they sold their output immediately, and could not retain it in order to benefit when paddy prices rose. That small-scale farmers in both areas were not doing well, despite the high prices being charged for their products in retail markets, raises questions about their integration into food markets that merit much closer examination.

Some formerly 'weak' groups such as domestic servants in Dhaka have been in a stronger bargaining position because of recent changes in the local economy and occupational structure in their community; these groups have been doing well in the past year. Although their extreme vulnerability to commodity price volatility and global economic shocks was exposed during the 2008–9 downturn, commodity producers and traders such as rubber farmers and waste recycling merchants in the Asian communities have also done extremely well during the recovery.

The global economic recovery has also boosted export sector employment in the Asian communities included in the study. But, across all of the occupation groups we identified, wage rises have not been a simple reflection of market forces operating in effective response to growing demand for labour. While the recovery of the export sector in the Bekasi industrial area near Jakarta meant more jobs were available than during the 2009 downturn, there were also clear indications of growing competition for jobs and deteriorating working conditions among the male and female workers interviewed. More of them were now on short-term contracts of three to six months, and factories had introduced stricter conditions on employees, including imposing extraordinarily tight upper age limits (24 years in some factories). Focus group participants, including men and women working in the export sector, noted that while the minimum wage level had increased in 2011 in line with government regulations, they were worse off than they had been last year. They explained that although the minimum wage had increased (to Rp1.4m (\$161.79) for automotive sector workers and Rp1.35m (\$156.02) for non-automotive sector workers respectively) as a result of government regulations, their daily take-home pay remained unchanged, and allowances for meals, transport, and working shifts (additional benefits which make up a significant portion of their pay) had not increased. One textile sector worker explained that she was now on a six-month 'intern' contract with few rights and no job security, for which she was being paid Rp850,000 (\$98.23) per month.

The plight of Indonesia's export workers contrasted with the improved conditions of the garment workers in Dhaka. This was a group that local people clearly felt were doing better compared with 2010; demand for Bangladeshi garments had bounced back after a brief dip in 2009–10, and new entrants were being drawn into the industry from rickshaw-pulling, street-vending and domestic service. In large part, they would have been attracted by the increase in the basic minimum wage for Bangladeshi workers, from Tk1,600 (\$21.93) to Tk3,000 (\$41.12) per month. This rise came in 2010 after a protracted campaign by garment workers across the sector starting in 2006, during which unknown numbers of workers were injured, factories were vandalised, and property was damaged. In the first half of 2010 alone, some 340 people were injured in clashes between garment

workers and police, and 52 factories were damaged, while roads and production were blocked for periods of time.⁶ This sustained campaign by the garment workers, who have to date been effectively denied rights to organise trade unions and other labour rights, continues into 2011, with demands for a minimum wage of Tk5,000 (\$68.54) per month.

From the perspective of the Notun Bazaar residents, this successful campaign has empowered garment workers with respect to their employers, so that they are one of the occupation groups to have done well in the past year. In a focus group discussion with shopkeepers, transport workers and small business people, it was noted that the wages of garment workers had increased because:

‘They fought for their rights, have called strikes and vandalised cars. As the price of daily necessities is increasing, there was no other way to increase their salaries. Now, if two members of a family work in the garment factories, it becomes easier for the whole family to survive as they do not have to worry about food. The working environment has improved, too. The garment owners are now afraid of the workers.’

The idea that garment workers ‘fought for their rights’ and frightened factory owners into giving them better treatment echoed findings from the 2010 research in this community. There was a strong sense from garment workers themselves that they had become a potent political force. While there is clearly some truth to this view, changes in owners’ behaviour with respect to workers may also reflect the changing composition of the industry (larger, more professionalised units are increasingly replacing smaller sweatshops). Above all, it also reflects the increased demand for still-cheap Bangladeshi garments as part of the global economic recovery and through the opening of new markets in Asia, leading to increased demand for labour, and so greater bargaining power for workers.

Occupation groups associated with commodity production, in particular rubber (in Banjar in South Kalimantan) and waste recycling (mainly Notun Bazaar in Dhaka) were said to be doing well, with better prices for rubber and some recycled waste goods compared with 2009 and 2010. Rubber farm owners, tappers and merchants who manage the collection and sorting of general waste for sale further up the waste processing chain have all been doing extremely well. In these and associated trades, growth of incomes was said to have comfortably outstripped inflation. In Banjar, rubber farmers were also said to be doing relatively well because information about the market price for rubber had improved through better access to ICT (information and communication technologies). One rubber wholesaler said that in this era of improved communications, wholesalers can no longer withhold information about prices, and so they are less able to make high margins than in the past. A forestry department official similarly noted that programmes like *Bisnis Hari Ini* (Today’s Business) helped rubber farmers and others in the industry to keep abreast of price changes, in distinct contrast to the past.

Other trades and occupation groups closely linked to the growth sectors also benefited from wage rises, although these have typically been less marked. As Table 5 summarises, domestic servants have benefited from the rising demand for garment workers, as this has created a labour shortage in domestic service – always the least desirable of all forms of work available for poor women and children as a result of poor pay and conditions, including impunity for abuse and violence. Other groups such as transporters of rubber (motorbike taxi (*ojek*) drivers in Banjar) have also been doing well.

In Lusaka, Zambia, people felt that the economic environment had improved, partly through official efforts in advance of the election. This had been most noticeable in the way the incomes of owners of small, formal sector businesses had increased compared with the previous year. In both research sites in Indonesia and in Zambia, local public sector workers had seen pay increases that more or less kept them in the same place they had been last year. Yet, while public and other skilled formal sector workers are known to have benefited from official pay rises, the relatively inflexible nature of their incomes –

including the fact that public sector pay reviews usually only happen annually – means that many in this group struggle. As one NGO worker in Naogaon, in Bangladesh, said:

'People living on salaries [formal sector workers as distinct from daily wage-earners or businesspeople] are worse off because day labourers can charge more wages to cope with the problem of price hikes. That option is not available for people living on limited [fixed] salaries.'

Table 3. Groups reported to be worse off compared with last year

Place	Occupation groups	Current reported wages or earnings	National wage comparisons	What people said about why real earnings have changed
Dhamuirhat, Bangladesh (taka)	Agricultural day labourers	Tk100-120 per day (\$1.37-1.65) (low season)	National average agricultural wage per day: Tk233 ⁷ (\$3.18)	The daily wage rate has increased, as many labourers now work in the brickfields, creating a shortage. But this increase has not been enough to cope with the price hike.
	Van drivers	Tk100-150 per day (\$1.37-\$2.06)	Garment workers' minimum wage as of 2010: Tk 3,000 per month (based on 5-day week, roughly Tk 125 or \$1.70 per day)	People are increasingly using 'easy-power' auto-rickshaw transport instead of pedal-driven vans
	Small rice traders	Tk700-800 per week (\$10-11)		Price of paddy is too high. When this high cost is added to storage costs, it becomes difficult to make a profit
	Vegetable sellers	Tk100-150 per day (\$1.37-\$2.06)		People do not have much money to spend, so vegetable sellers' incomes are down
Banjar, Indonesia (rupiah)	Non-rubber tree farmers, casual labourers and farm labourers	Rp60,000 per day during harvest season (\$7)	Provincial minimum monthly wage for South Kalimantan as of 2011: Rp1,126,000 (\$131.57)	Bad weather destroys the harvest, costs are more than income. Water overflows the farmland, so farming is not possible
	Food vendors	Not known		Buyers have decreased because of lack of income
Mukuru, Kenya (shilling)	Touts (transport workers who collect passengers for routes)	KSh200 per day (\$2)	National minimum wage as of 2011: KSh 8,250 (\$95.69) per month	Basic rate has increased from KSh10 to KSh20, but now do shifts to share the work among friends. Daily earnings are KSh200, but this is not enough to survive on without sidelines such as making handicrafts for sale

	<i>Mikokoteni</i> handlers (porters or cart-handlers)	KSh100-KSh300 per day (\$1.19-\$3.58)		Earnings are down because there is less work than before; cart-owners have raised the hire charge; city council <i>askaris</i> do not permit them to operate in town, and fine them KSh500 if they catch them; people are increasingly using pick-ups as these carry more goods than the carts
	Laundry workers	KSh300 per day (\$3.58)		Laundry work is not always available; on a good day, earnings can be as much as KSh600, but KSh300 is more usual
	Sex workers	KSh20 per client (\$0.24)		Earnings from sex work are down partly because of increased competition. Sex workers also have other occupations, including being part of the new <i>kazi kwa vijana</i> (Kenya Youth Empowerment project)
Chikwanda, Zambia (kwacha)	Beer Brewing	K60,000 per month (\$13)	National monthly minimum wage as of 2011: K419,000 (\$87.84)	The local brewers have been forced to reduce the beer price, to match a new Zambian-made whisky which sells at K500 per sachet
	Maize farmers	K350,000 per month (\$74)	Domestic workers monthly minimum wage as of 2011: K250,000 (\$52.41)	Most of the households have not increased their acreage under cultivation compared to a year ago
Kabwata, Zambia (kwacha)	Casual and manual workers	Shop workers: K400,000-K800,000 per month (\$85-170) Security guards: K250,000-K850,000 per month (\$53-181) Gardeners : K250,000-K600,000 per month (\$53-128)		Most small businesses and individuals are paying higher wages in line with the revised Minimum Wages Act, but some cannot afford to pay wages in line with the cost of living. Wages have been stagnant or even declined in some instances

Table 4. Groups reported to be in the same situation compared with last year

Place	Occupation groups	Current wages or earnings	National wage comparisons	What people said about why real earnings have changed
Kabwata, Lusaka, Zambia (kwacha)	Civil servants (nurses, police, teachers)	Teacher: K1,300,300 - K2,200,600 (month) (\$277-468) Nurse: K1,300,300 - K3,450,000 (month) (\$277-734) Police: K650,000- K2,850,000 (month) (\$138-606)	National monthly minimum wage as of 2011: K419,000 (\$87.84) Domestic workers monthly minimum wage as of 2011: K250,000 (\$52.41)	In January 2011, the government of Zambia revised the Minimum Wages Act to match current costs of living
	Petty traders	Vendors: K200,000- K2,000,000 per month (\$43-425)		Earnings have remained stagnant due to low demand for food items. But new women traders were said to be doing well
Chikwanda, Zambia (kwacha)	Traders in food items (cassava, vegetables, etc)	K500,000 (\$11) per month		Some have done better than previously, but mainly compared to other groups. There has not been any major improvement in profits for those trading in foodstuffs
Bekasi, West Java, Indonesia (rupiah)	Sellers of children's snacks	±Rp20,000-30,000 (day) (\$2.30-3.46)	Bekasi regional minimum wage as of 2011: Rp1.275 million	This group comprises old and young men, and both locals and migrants or newcomers
	Teachers (civil service)	Rp2.5 million – Rp3 million (month) (\$289-347)		As public servants, teachers have seen significant wage rises, but these only enable them to keep pace with inflation, so they remain in the same position as last year
	<i>Ojek</i> (motorbike taxi) driver	±Rp30,000 (day) (\$3.46)		Fares have risen but fewer passengers and more <i>ojek</i> drivers mean stagnant real incomes

	Landlords	Rp500,000- Rp700,000 (\$58-81) per room per month; on average have 30 rooms, minimum 15		Last year, there was a reported rise both in the numbers of migrants and in the supply of rental accommodation. This year, people said that some rental prices had risen, but so has the cost of electricity; directly dependent on employment (in manufacturing and export sectors)
Notun Bazaar, Dhaka, Bangladesh (taka)	Rickshaw- pullers	Tk200 daily (\$2.75)	Garment workers' minimum wage as of 2010: Tk3,000 per month (based on 5-day week, roughly Tk125 or \$1.70 per day)	Fares have increased but almost matched by the rising cost of living. Restrictions on the roads rickshaws can use have meant longer, more circuitous journeys. Police harassment and seizures of vehicle parts are more common. Because it is strenuous work, rickshaw-pullers need to eat snacks and food all through the day, which have become less affordable. Some rickshaw-pullers have shifted to the garment factories, where pay is better and more regular
	Hawkers (snack vendors)	Tk150 daily (\$2)		Costs of food items have increased, so street vendors are not doing much better than before

Sources: Focus group discussions with women and men in Kabwata in Lusaka, Bekasi in West Java, and Notun Bazaar in Dhaka. There were no groups from either Kenyan site who were clearly said to be doing better than, or at least as well as, last year.

Table 5. Groups reported to have improved their situation compared with last year

Place	Occupation groups	Current wages or earnings	Comparable national wage rate	What people said about why real earnings have changed
<p>Notun Bazaar, Dhaka, Bangladesh</p> <p>(taka)</p>	<p><i>Bhangari</i> (recycled waste) merchants</p>	<p>Tk20,000 (month) (\$275)</p>	<p>Garment workers' minimum wage as of 2010: Tk3,000 per month (based on 5-day week, roughly Tk125 or \$1.70 per day)</p>	<p>The price of recycled waste has increased. But those who collect the waste for the <i>bhangari</i> business-people have not done well, because nowadays people sell their waste directly (because the price is good)</p>
	<p>Housemaids</p>	<p>Various; increasingly paid per task</p>		<p>Demand for domestic servants has been outstripped by opportunities in garments. This has meant pay has increased, as maids are now paid per task rather than on hours (and can earn more this way). They may receive food and clothing benefits from employer households. Improvements in domestic servants' incomes directly reflect employment and wages growth in the garments sector</p>

	Garment workers	Minimum: Tk3,000 per month (\$41)		The new minimum wage for garment workers came into effect in November 2010, almost doubling basic pay from Tk1,600 to Tk3,000 per month. This came after a five-year campaign in which garment workers waged pitched battles against factories and police, arguing that pay failed to keep pace with inflation. Other groups (both men and women) have entered the factories over the past year (see above)
Dhamuirhat, Naogaon, Bangladesh (taka)	Farmers with their own land/landowners	Not known	National average agricultural wage per day: Tk233 ⁸ (\$3.18)	Those who have their own land (do not lease or share-crop farmland) are getting a good price for their goods, and with fertilizer prices low, their profits are higher
	Brickfield workers	Tk150-200 (\$2.06-2.75) per day		Wages have increased significantly since last year, and there are more opportunities in this sector, and for a longer period of the year than agricultural labour (from which most come)

Kabwata, Lusaka, Zambia (kwacha)	Small producers and businessmen (shop, restaurant, bar and hair salon owners)	Shop owners: K2,500,000-K8,000,000 (\$532-\$1,700) per month Restaurant owners: K6,000,000-K8,000,000 (\$1,277- \$1,702) per month Hair salon owner: K2,500,000=K4,000,000 (\$532-\$851) per month	National monthly minimum wage as of 2011: K419 Domestic workers' monthly minimum wage as of 2011: K250	Better economic environment since 2010, partly because imminent elections are encouraging the current government to try to improve the economy
	Chikwanda, Northern Province, Zambia (kwacha)	Food traders (particularly vegetables)	K500,000 (\$106) per month	Earnings have increased but only compared with other rural groups; no major improvement
Desa Simpang Empat, Banjar, South Kalimantan, Indonesia (rupiah)	Rubber tree farmers	Rp200,000/day (\$23)	Provincial minimum monthly wage for South Kalimantan as of 2011: Rp1,126,000 (\$131.57)	Increased price of rubber
	Rubber sap transporters with <i>ojek</i> motorcycle	Rp100,000 or 10% of selling price (\$12) per day		Costs of transporting rubber have risen with the rising price of rubber
	Rubber tapper harvester (middle man)	Rp500,00 per day (if not rainy) (\$58)		Increased price of rubber

No groups were reported to have improved their situation in the two Kenyan communities. This may reflect the fact that these are particularly poor communities which have been hard hit by the drought and the failure of the 2010–11 rains, and that there are few, if any, public sector or formal sector workers among them.

4. How are poor people coping with food and fuel price rises?

'People don't have a choice when food prices rise. The only choice is to work hard and earn more money.'

Man in Chikwanda, Zambia

The diverse range of coping strategies people are using suggests that life is harder than it was a year ago, although not as bad as in 2009. In general, food prices are considered to be high everywhere, even where they have come down from their 2008 peak or even since last year (as is the case with staple prices in Zambia). Fuel and other non-food prices are less uniformly high, but there was discontent everywhere about the affordability of essential items, with particular concerns about the costs of transport, fuel, and rent.

The range of adjustments in how and what people were eating in early 2011 can be situated on a continuum from hunger to plenty, and we found that, for most of those interviewed in 2011, movement along that continuum has been downward (see Figure 2). When we first met these people in 2009, many felt their diets had been worsening to the extent that they were noticing effects on their health, their children's schooling, and their wider family and community life. Between 2009 and 2010, the situation for most people started to stabilise or improve, except for those who had lost employment or seen commodity prices tumble as a result of the global financial crisis – namely export sector workers, rubber farmers, and waste recycling workers.

It is important to note one point about exchange rates and reported prices: the following discussion is based on local people's reports of food, fuel, and other prices, corroborated wherever possible through visits to local markets and interviews with market traders. It should be noted that there are good reasons (some provided by participants themselves) why some of the prices reported here may be highly localised, and unrepresentative of the wider national contexts. All dollar equivalents are for April 2011, and not for the reported period. This is because prices for previous years are based on recall, so to convert using previous years' exchange rates would, we felt, provide a false sense of precision, when it is merely our intention to provide the reader with a sense of the amounts involved. As our focus is on people's purchasing power, these price change comparisons should be read in light of the discussion of changes in wages presented above.

4.1 Adjustments to food consumption

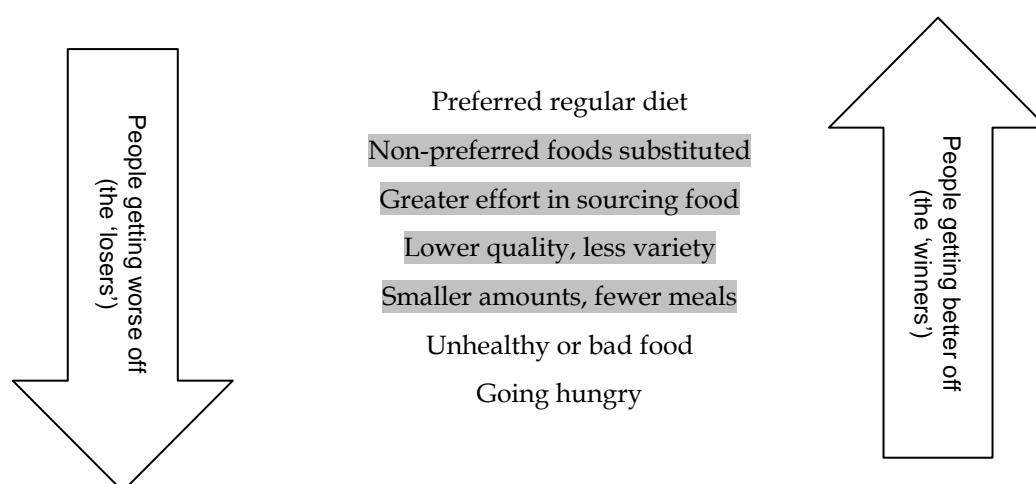
'Previously, everyone tried to buy some extra food so that they could store it in their houses. Now, we do just the opposite. Everyone is eating less food. The women make the ultimate sacrifice. They take their food after everyone is done. We have completely forgotten the taste of beef.'

Agricultural labourer in Dhamuirhat, Naogaon, Bangladesh

In early 2011, some people appear to be sliding back towards the hunger end of the continuum, finding it harder to eat what they want and need as much as they want and need it. But this is not true for everyone, or in as many of the sites as in 2009, at the height of the first food price spike. Although many people were slipping down the spectrum, most were still within the shaded (non-acute) mid-range (see Figure 2 below). The very poorest people in Kenya were said to be going hungry, and some of these were worse off than last year. In Chikwanda, in Zambia, too, some poorer people were said to be eating one or two meals a day, more or less the same situation as a year ago. At the Dhaka site,

in Bangladesh, people said they were cutting down and being forced to buy unhealthy or dangerous food – parts of chicken they would not normally eat or cheaper broken eggs, for example. Even people who were earning more than last year were also making more effort to find cheaper sources of food, particularly for meat and protein items; everywhere, people said they were eating cheaper items than they would prefer, and enjoying much less diversity in their diets, and generally much less palatable food, than they would like. Nobody with whom we spoke said they had maintained their preferred diet.

Figure 2. Continuum of coping strategies around food



People in the Kenyan communities were facing the toughest struggle to adjust to food price rises. The following food-related strategies were reported in Mukuru, in Nairobi:

- Skipping meals: construction workers without children tend to skip breakfast to save the money for lunch, when they need the food more. Women with school-going children ate breakfast but skipped lunch unless the children were at home; the children either had lunch at school, or took leftovers from home. Parents ensure that their children do not miss school because this saves the cost of giving them lunch.
- Reduced quantities and poor quality of food: people earning casual incomes have to budget with the uncertainty of not knowing where tomorrow's income will come from. The cost of cooking has pushed people into eating unappetising, plain, boiled food to avoid the costs of cooking fat, of onions, tomatoes, and fuel. Younger people and those engaged in casual jobs like construction workers, cart-pullers and porters buy food from roadside vendors such as boiled githeri (maize mixed with beans). Women tend to cook ugali (maize porridge) and eat it with salty water or tomato soup. One respondent explained that: 'When it gets worse, we prepare tea without milk or even sugarless porridge, and use that the whole day.'
- Having meals at friends' and neighbours' places: whenever people lack meals or do not have money to purchase meals, they visit or send children to friends and neighbours in the hope of sharing their meals. Sometimes, their friends and neighbours also lack food. This is more common with young people and unmarried men, and is known as kudoea, meaning 'taking advantage'.

While many of the Kenyan respondents were at the hungry end of the continuum and did not feel their situation was improving, the 2011 surveys found the same trend in all four countries – people were cutting back, cutting down, and, in particular, reducing the quality of food intake. Everywhere, people were changing some aspects of their food purchasing and eating habits. Food prices have been so high as to drive changes in food habits even in the relatively more prosperous Bekasi area near Jakarta. Formal sector workers there noted that the quality of their diet had declined with food price rises, and

all were eating lower-quality protein, meat, and fish, which they were replacing with tofu-based items. They reported 'malnutrition' and increased tiredness, and curbed expenditure on other non-food items such as clothing, toiletries, recreation, and so on.

Boxes 3 to 6 depict findings from a food basket exercise conducted to facilitate discussion of how food habits had changed since last year. Selected individuals were accompanied to purchase a typical current daily or weekly food shop, and a second person was asked to recall what they had bought a year previously, sometimes in discussion with market stallholders and other community members. The results were then arranged for focus group participants to analyse and compare.

Box 3: Daily food basket in Mukuru, Nairobi, Kenya



The five items are maize flour, sukuma (kale), cooking fat, paraffin, and salt. The main differences were that the price of maize flour had increased, so that while in 2010, people were regularly buying 2kg bags, this year they were buying 1kg bags. The cost of sukuma, cooking oil, and paraffin has also gone up, so people now buy these in smaller quantities. This comprises a complete meal of ugali and sukuma wiki. There are no tomatoes or onions for frying, as these are not considered necessities, and in most cases the respondents reported cooking their meals without them, except when they could afford them. One respondent explained that:

'Last year, a bunch of kale costing KSh5 (\$0.06) was enough for me, but now we have to buy for KSh15 (\$0.18) to be enough. Sometimes, if the money is inadequate, we buy one bunch of KSh5 and add lots of water.'

Box 4: Weekly food basket in Chikwanda, Northern Province, Zambia



After a lengthy discussion, the women focus group participants concluded that the 2010 food basket was better than the 2011 food basket. In general, they still produce and buy the same items as a year ago, except that they are spending more on items that they usually buy than would have been the case a year ago, and have reduced or replaced food items such as cooking oil with groundnuts, and dried fish with dried caterpillar. Many people also try to substitute expensive bought foods with items they grow, gather or barter for. Though it was initially a challenge to quantify all the food items, the discussion revealed that the 2011 basket cost around K12,000 (\$2.55) more than the 2010 basket (from K94,000 (\$19.94) to K106,000 (\$22.48)).

Box 5: Weekly food basket in Notun Bazaar, Dhaka, Bangladesh



Among the differences between the two baskets was the inclusion of lentils (a source of protein) in the 2010 basket, as well as two varieties of soap, one for clothes and one for personal use. Different (less preferred) types of fish were being purchased in 2011 than in 2010, but a greater quantity of rice. One woman who helped with the food basket exercise told us:

'I always take Tk200 (\$2.74) with me while going to the market. Sometimes I can save Tk10–12 (\$0.15) and sometimes I spend all the money.'

Her need to economise this year becomes clear when we calculate what the two baskets cost in 2011 compared with 2010 prices. In 2011, she spent Tk185.50 (\$1.56) on her basket, but the same items last year would have cost her only Tk134 (\$1.13). By contrast, if she had not adjusted her weekly food shop, last year's food basket would have cost her Tk280.50 (\$3.85) today.

Box 6: Food shopping in Bekasi, Jakarta, Indonesia



Young male export sector workers discussed these food baskets. They were buying similar quantities of some foods – the same amount of rice, oil, and sweetcorn as last year, for instance – but half the quantity of the tiny sea fish, half as many onions and carrots, a smaller pack of soy cake, and somewhat less spinach than last year. Despite these reductions, the cost of this shop had increased from around Rp20,000–25,000 (\$2.31–\$2.89) to Rp30,000 (\$3.47). A general change in the way people were eating was the reduced number of side dishes, with many people eating only one type of vegetable and other side dishes.

The overall findings of less variety and smaller portions of nutrient-rich proteins and vegetables strongly suggest that even if calorie intake is being maintained, people may be getting less nutritious meals as a direct result of food price rises. These reports suggest this is an important issue for nutritional monitoring, something that is beyond the scope of our research.

For the poorest families, particularly in Kenya and Zambia, bare calorie intake remained a concern, amid reports of households cutting down from two meals to one meal per day (in the Kenyan communities) or maintaining consumption levels at two meals per day (in Chikwanda in Zambia). Even informal sector workers in Gandasari, near Jakarta, reported eating only two proper meals a day. However, across the eight communities involved in our research, the single greatest concern was clearly to do with reductions in the quality of food, including diversity of diet, preferences for particular varieties of food (such as the preference for local rice in Banjar), and, to some extent, reductions in social status. People's complaints about the quality of the food they were having to eat to cope with the food price rises sent a strong signal about the significance of food to their quality of life – poor people care about what they eat, just like the rest of us. People do not have to be hungry to be dissatisfied with food price inflation; sharp declines in quality, perceived or otherwise, can cause discontent, as well as nutritional problems relating to lack of diversity and of proteins and vegetables in people's diets.

4.2 Non-food adjustments

'Previously, even though people earned less, they managed to buy the food they needed. Nowadays, a daily labourer earns Tk120 (\$1.65) per day. If he buys 2kg of rice, it will cost him Tk80 (\$1.10) and he will have only Tk40 (\$0.55) left. Now, tell me, what can he do with this Tk40? Nothing – no more education, no more medicine.'

Village doctor, Dhamuirhat, Naogaon district, Bangladesh

Adjustments to other, non-food expenditures also indicate that the impacts of the 2011 food price spike have been more uneven than in previous spike years. The knock-on effects on schooling, on health (to some extent), and on family and social life have been more modest than in 2009. But these impacts are cumulative, and they come on top of individual family episodes of sickness, livelihood loss and migration. As one woman's

story (see Box 3) illustrates, the multiple strategies that poor people adopt in tough times can lead to lasting effects through withdrawal of children from school, early marriage, drawing down assets, incurring debt (in this case, dowry debt), and insecure income flows.

Box 7: Rani's strategies for getting on and getting by in tough times

Rani and her family first left their village after the 1995 floods, which destroyed their farm, to live in Dhaka. They returned to Dhamuirhat a few years ago to care for her sick mother-in-law. In 2009, her husband (who had been partially paralysed a few years earlier) had a lucrative fertilizer-smuggling business; the border police did not bother him much because of his physical condition. As the government clamped down on cross-border smuggling later in the year, this income dried up. Rani temporarily managed to secure a VGD (Vulnerable Group Development) card, entitling her to free wheat from the government. When she lost this entitlement and could find no alternative support in the village, she returned to Dhaka to work in the garment factories. The expense of living in Dhaka meant she took only her young son with her. Her younger daughter stayed to look after her father, bringing her schooling (she was in Class IV) to an end. Rushing back to the village for a family emergency after some time in Dhaka, Rani failed to collect two months' worth of salary (Tk4,000 (\$55)) she was owed. The factory now refuses to pay.

Last year, a marriage proposal had come for her 15-year-old daughter, from a man with higher secondary education:

'They demanded Tk 45,000 (\$618) as dowry. I considered this a great opportunity and thought that I should somehow manage this money... I borrowed money from my relatives and arranged the ceremony. I am a little tense though as I have promised to my son-in-law's family that I would pay the dowry within two years. This will be a real problem for me.'

Some things have improved for Rani. In 2009, she had a tin-shed house, given to her disabled husband by CARITAS. They now live in a brick house, built on the proceeds of the fertilizer-smuggling business and sale of some family land. Rani now plans to return to Dhaka to work in the garments sector, where 'wages are quite high'. She plans to save money to send to her family, and to repay the dowry loan.

Work

'Sometimes you can go for two weeks without selling even one item or you sell one or two, yet you are supposed to buy food too. So this forces you to look for other casual jobs, and this is too hard for us.'

Woman, Mukuru, Nairobi

Among the groups who were doing less well in 2011, commonly reported adjustments involved working longer hours and diversifying activities in the informal sector. Similar reports were heard in 2009 and 2010. However, in 2011, the theme of over-crowding in the informal sector re-emerged as a concern, with many people claiming that competition was driving earnings below liveable wage levels.⁹ Such views were heard among traders, street vendors, laundry women, transport workers, porters, and sex workers, and across the eight communities surveyed.

In addition, a number of informal sector workers also commented on the negative impacts of the authorities on their efforts to diversify. Women in Mukuru, in Nairobi, who had diversified into informal laundry work, reported that women running small businesses were harassed by city council *askaris* or security personnel, which led to loss of earnings out of fear of being jailed. They said that the city council should '*promote the small enterprise businesses instead of demolishing stalls*'. Cart-handlers or porters had similar problems with the *askaris*. 'Touts' or transport workers in Mukuru, as well as rickshaw-pullers and bus drivers in Notun Bazaar, in Dhaka, complained of harassment by traffic police.

Various forms of migration, including reverse migration (returning to the place of origin), were also noted. In Kalimantan, people who had left for the gold mines when the rubber price plunged in 2009 were all said to have returned, and to have taken up rubber tapping and other activities in the rubber sector. In Dhaka, one garment worker had diversified into agriculture back in his home village, which he interspersed with periods in the garment factories. In Bangladesh, the turnover of people into new occupations appeared to be rapid. In Naogaon, people were moving out of agriculture-related occupations, particularly small farmers and landless agricultural labourers, and into the brickfields, where pay was considerably better and more reliable. In Dhaka, as noted above, people were moving from a range of occupations (domestic service, rickshaw-pulling, hawking) into garments work. Such rapid changes in occupational structure were not apparent elsewhere, and it is not entirely clear why. One possibility is that the relatively fast pace of broad-based economic growth in Bangladesh is both pushing people out of customary occupations as mechanisation and other modernising processes take hold, and pulling them into new (not necessarily preferred) jobs in growth sectors (such as those associated with construction). Another possibility is that the wide availability of microfinance in Bangladesh (despite its drawbacks, on which more below) enables people to spread the risk of diversifying their occupations over time.

Children and education

'We never miss school because we are given free food.'

Focus group with children in Mukuru, Nairobi

In Bangladesh and Kenya, there were reports of children going out to work; however, this did not seem to entail school drop-out, and did not always constitute new activity. In the only clearly new form of child labour, children in Naogaon district in rural Bangladesh were working in significant numbers in the brickfields after school and at weekends. In Mukuru, in Nairobi, children were collecting and selling firewood and scrap metal, running small errands for shops and food kiosks, doing laundry, portering, or acting as cleaners and pay-collectors for privately owned pay toilets. Children in Mukuru reported that some (mainly boys) were engaged in pick-pocketing (*kupiga neta*), targeting rich people and drunks in the area. In Chikwanda, in rural Zambia, around one in ten families (typically the poorest) were reported to have children who had dropped out of school to go to work.

One theme which had emerged from the earlier rounds of research was reiterated across all eight communities in 2011: people were prioritising their children's needs, making sure they ate first and best, and trying to protect spending on children's school items and education at all costs. Compared with 2009, reports of school drop-outs were far less common. In Kenya, school feeding programmes were reported to be helping to keep children in school.

Gender and family life

'They come home drunk and even feed on the leftovers for our children.'

Women talking about their husbands in Mukuru, Nairobi

Women are typically in charge of feeding families, so rising food prices have very direct effects on women's primary role in the home. Yet because many of the impacts on women take place within the unpaid care economy, these effects tend to be absorbed invisibly (at least to the outside world) as harder work, longer working hours, and more stress. That the direct pressures of ensuring families are properly fed fall disproportionately on women seems to be true even in countries like Bangladesh, where food shopping (a public activity) is mainly done by men. This comes across most clearly when women talk about their struggles to feed their children:

'While cooking, I try to use less rice. Because if I can save some, I will be able to use it for another day. I always try to make sure that the male members have enough to eat. They are working hard and they need food to perform their laborious jobs. Then I try to feed the children. We (the female members of the family) eat the remaining food. Well, this is not enough. But what can I do? How can I give less food to my children? They need fish, meat, milk, and eggs, and we cannot provide them. The only thing that I can feed them is rice, and if I cannot give them enough of that, how will they live?'

Woman in Dhamuirhat, Naogaon district, Bangladesh

Women household heads in Mukuru, Nairobi, said that they cannot afford to give their children fruit, even though they know it is important for their health, because (for instance) a mango costs KSh25 (\$0.30), and that could buy a whole lunch. Laundry women in Mukuru admitted that they rarely ate lunch, as that was a time when the children were at school (where they were given meals). Mukuru women involved in occasional sex work found it particularly difficult to cope with high food prices if they had children. One woman explained that: *'As we have children, we would rather go without but provide for our children.'* Women factory workers and wives of factory workers in Gandasari, in Indonesia, worried that their efforts to economise on food at home and pocket money for children's snacks caused trouble at home, making children cry and 'go to school angry', further contributing to household stresses. These women also noted that whereas they would previously have bought some ready-cooked food, this has become unaffordable, and they are now cooking more items at home.

From several accounts, it is clear that when food is scarce, women eat only when children have been fed as well as is possible, and frequently also after men have eaten. For many, such as the Dhamuirhat woman above, the fact that men in the family are engaged in manual labour means that providing them with proper meals is a greater priority. Yet there were also signs that parents seemed to be sharing the hardship more equally than might have been expected, putting all their efforts into ensuring that their children were properly fed, with both parents eating after the children in some cases. While this does not mean that women's needs are necessarily a higher priority than they were in the past, it does suggest a shift in priorities towards children, and possibly also a more equitable sharing of the hardship between some couples. Such a shift would be consistent with the notable emphasis on keeping children in school even at some sacrifice to the household, and may reflect the priority given to access to basic education in countries around the world in the past decade.¹⁰

Gendered impacts on women's care work are also exacerbated in places where men have, in effect, abandoned their domestic responsibilities. This year, reports of this kind were only heard in Mukuru, Nairobi, where men were said to have left their families to set up homes with other women. Yet this fluidity of marital relations sometimes worked both ways: women also said that one survival strategy involved marrying better-off boyfriends when times were hard, only to leave them when circumstances changed.

Compared with 2010, there seemed to be more widespread reports of domestic tensions and some violence in the home, although less than in 2009 – things seem to have got better during the short-lived economic improvements between the two spikes. Alcohol was seen as part of the problem in Kenya and Zambia. But the strain of providing an acceptable standard of living – particularly for the many people who were less able to eat good food, buy clothes, or pay for their children's school expenses – came through across the different sites. Men are directly affected by these pressures, as these shape perceptions of their performance as breadwinners. Whereas no such tensions were reported in 2010, in 2011, women in Gandasari noted that some were angry at their husbands' inability to earn enough to keep pace with the rising cost of living, but, they stressed, there was no violence. Women in Chikwanda, in rural Zambia, said that the availability of cheap *gili gili*, an alcoholic drink, was leading to more violence and

disturbances in their community. Women in Mukuru, in Nairobi, similarly said that alcoholism among men caused family breakdown and other problems.

Pressures on women to feed their families translate into pressures to earn income, and help to explain their diversification into informal sector occupations. The previous two rounds of research found increased numbers of people, particularly women, working in petty trading and various low-paid services and in a context of increasing competition. In 2011, there were also reports of more people taking up occupations in the informal sector, which was serving to drive down earnings. The pressures on women to earn a living can drive successful diversification; for example, in Kabwata, in Lusaka, people thought that women were becoming more involved in petty trading than men, and doing better because of their responsibilities for households. And in Notun Bazaar, in Dhaka, people thought that women domestic servants had been able to negotiate better terms and conditions because of shrinking labour supply, as more women were seeking employment in the garment factories. Yet the more usual picture was one of intense competition. Women seemed particularly fearful of being arrested by police for breaking laws regulating informal sector work.

In their responses to questions about the causes of food price volatility, and who was responsible for taking action to control it, there were some clear gender differences. Men seemed generally more aware than women of the wider global or national factors, and had stronger views on the responsibilities of the authorities to act. Young men also displayed more anger with the authorities than women, and were more inclined to mock and criticise the political leadership. Women were generally more moderate in their views and less inclined to talk about direct action. This does not mean they do not act, however; with rights to relief food believed to be enshrined in the new Constitution in Kenya, women described their own efforts to camp outside the offices of the chief and other authorities, indicating their willingness to take direct action to claim their entitlements to relief.

The quality of family life had not noticeably deteriorated compared with previous years, and in some contexts, it had improved. In Kalimantan, rubber farm owners and tappers were said to be enjoying *'more harmonious relationships between husband and wife'*, leading, according to one focus group discussion, to a higher birth rate in the area. By contrast, a village doctor in Naogaon, Bangladesh, reported that his sex life had suffered with the stress of managing the debt he had incurred in recent months.

In the Zambian communities, there were rising concerns about alcohol abuse among men – in some cases attributed to increased nominal wages, but also to the availability of cheap alcohol, as noted above. In Kenya, a woman in Mukuru complained that men *'come home drunk and even feed on the leftovers for our children'*. In general, domestic stress levels seemed to have remained more or less the same. From Kenya, reports continued to emerge of family breakdown, including what people term *'convenience marriages'*, where people enter marriages when they lack money. One young woman explained:

'When you have failed to get money at all, you look for a boyfriend to marry you. You won't fail to get one, and when you are a bit more stable, you leave him.'

As was reported in 2010, there were also Mukuru households in which married men were said to abandon their families and move in with other women who were better off, usually only for the period when conditions are difficult, and when things improve, they move back to their homes. Mukuru women also complained about men's increasing alcohol use.

A number of examples illustrated the strains of trying to cut spending on items like clothing, education, and social life, while living on non-preferred foods, and sometimes not even enough of these. A number of parents spoke of the need to protect children's pocket money and school spending above all, to spare them the shame of having half-

used notebooks, no money for snacks, or old clothes. A rickshaw-puller in Notun Bazaar said:

'We cannot give any money to our kids for their tiffin [snacks]. This makes them sad and they lose interest in their studies. Moreover, they now have to go to school on foot, which is very difficult for them.'

In Bekasi, female export sector workers explained that they had had to cut children's pocket money and entertainments such as going to the mall. Children were said to have become more troublesome and to cry more, while women reported that they were themselves more bad-tempered and stressed.

Others were embarrassed about their worn-out clothes, or the effects of being unable to wash them regularly. One rickshaw-puller said:

'I used to have five to six pairs of underwear, and now I wear one [pair] for a whole week. In the past, I did not wear a lungi [traditional cotton sarong] for more than one month, and now I wear a lungi for more than three months. When it gets torn, I get it sewed. Listen, with my income, I don't have any money after buying food items, so how can I have the luxury of buying more underwear or lungis?' ... People can see my ass. And the thing is, as I wear the same underwear for the whole week, people get a bad smell from me. What can I do?'

Male factory workers in Bekasi said that, compared with before, when they could afford to buy new clothes quite regularly, more than half of them could now not afford new clothes. This made them feel embarrassed about their appearance and lack confidence because of not feeling 'trendy'. Female informal sector workers in Bekasi felt similarly that because they could no longer afford good-quality face powder and other cosmetics, they were unattractive and lacked confidence. The costs to people's ability to groom and present themselves as well as they would like are a good reminder that the effects of economic volatility are about more than calorie intake and the bare essentials of survival: they are directly linked to wider sources of well-being.

Social life, social cohesion, and well-being

'People do not have any time to enjoy themselves. Everyone is running around and trying to do what they can.'

Village doctor in Dhamuirhat, Naogaon district, Bangladesh

In Banjar, Indonesia, there has been a degree of recovery in terms of people's social lives and social cohesion, partly linked to the recovery in the global economy and partly because of current high prices for commodities such as rubber. Community rotating savings groups, known as *arisan*, have begun to recover from the slump in rubber prices that saw many such groups decline or close in 2009 and 2010. However, informal sector workers felt that the *arisan* they were involved in had slower cycles than before, and some groups had closed. Another strong sign of recovery was noted in the increased numbers of people from Banjar going on religious pilgrimages or *umrah* to Mecca, as well as to the Walisongo graves in Java.

By contrast, people in Dhaka felt that public social life had continued to decline over the past year. A general complaint was that the cost of marriages had increased so much that many ceremonies were now private – or even clandestine – affairs, undermining social norms and traditions:

'Nowadays, even when the boys and girls become adult, their parents often fail to arrange their marriage ceremonies due to lack of money. Sometimes, due to this, young boys and girls take matters into their hands, run away from home, and then get married.'

Though the young boys and girls do not have any other option, these incidents harm the social status of their parents.'

Transport worker in Dhaka

Public events such as *jatra* or travelling theatres were also said to have declined in the Dhaka community. In Chikwanda, Zambia, the number of parties and weddings was still relatively low, and the situation had not improved compared with the previous year. In Bekasi, Indonesia, people said they had cut down on going out with their friends compared with last year, when people had gone out around once a week. Now, they stay at home, and feel stressed and bored.

However, unlike in 2009, reports of crime and other anti-social activity seemed relatively muted, and it did not seem that the situation had worsened compared with previous years. In Naogaon, on the Bangladesh–India border, there had been a clampdown on cross-border smuggling, so this source of illegal livelihood activity had been stopped. In Zambia, by contrast, there were concerns about the very low price of *gili gili*, an alcoholic drink which around half of people in the Chikwanda community have reportedly begun drinking, leading to fights and conflict within the community. In Bekasi, male informal sector workers were said to have cut down the amount of coffee they drink, leading (in their wives' view) to them becoming more healthy, but in their own opinion to more headaches.

What resources do people draw on?

'It's inevitable that food prices will rise at some point. But when this happens, people's income should be raised to match the rise in food prices. If people's income can't be increased, then government should find ways of stabilising the prices to levels that even the poor can manage.'

Focus group discussion with men and women in Kabwata, Lusaka

Other than their own capacities to adjust and diversify within the local economy, people were drawing on a range of external resources to help cope with the food price rises, including government safety nets, informal and micro-credit, sale of assets, and non-state sources of support. These are discussed in more detail below.

Government safety nets

Government programmes such as subsidised food or fertilizer sales, food-for-work programmes, food and cash transfer schemes, and school feeding programmes were cited in all eight communities. But the general consensus was that official action was ineffective, for a range of reasons:

- Inadequate coverage: people in Simpang Empat village in Indonesia noted that government-subsidised food handouts had had some effect, but had only taken place once in the year:

'The market operations [subsidised food programme] can have a good impact; prices are decreased only when he (the Minister) visits the market. When he leaves, the prices return to normal [i.e. expensive].'

Interview with a car parts factory worker in Gandasari, near Jakarta

- The costs of access: in rural Dhamuirhat, men said that the costs of time and travel to the outlets for subsidised rice outweighed the benefits of the small amounts (5kg) of cheap rice they were allowed to buy.
- Unpredictability: women in Mukuru who had been members of the new *kazi kwa vijana* (Work for Youth) Kenyan youth employment project for three months found that their incomes from this project were erratic:

'Sometimes in the kazi kwa vijana you do not know how much you will be paid. Sometimes you get paid KSh3,000 (\$35.71) at the end of the month, and at other times, the payment rises to KSh5,000 (\$59.52), though in the contract we signed for pay of KSh5,500 (\$65.48).'

Female focus group participant, Mukuru, Nairobi

- Poor quality: a group of women living with HIV and AIDS in Lango Baya complained that relief food included 'beans that won't cook' and 'maize with a strong smell of pesticide that affects their health negatively', and that no cooking fat was given. Schoolchildren in Mukuru said they never miss school because they are given free food there, even though they dislike the standard fare of *mburuga* (boiled wheat with yellow beans).
- Corruption in the administration of government safety net programmes: this was often mentioned, in terms of beneficiary selection for relief programmes, and the amounts that finally reach poor people. Women in Dhamuirhat, in rural Bangladesh, explained that:

'Government is doing many things to control the price hike, including selling rice at a much lower price from trucks. Controlling the price hike is definitely the government's job and it should do it with the help of the law-enforcing agencies. But the efforts of the government are not successful because of thieves.'

In another view from the same discussion:

'Suppose I have given you a chocolate and have told you to give that to Mr. X. However, you open that chocolate, lick it a little, give it to another person and tell him to send it to Mr. X. This person also does the same thing – opens and licks it, and then requests another to give it to Mr. X. Now, if before being delivered to Mr. X, a large number of people do the same thing (i.e., lick the chocolate), what do you think Mr. X will receive? Nothing. The help provided by the government has so many layers that when this support reaches the people, we get nothing.'

Access to credit

'Almost everyone [here] has taken [micro-credit] loans from the NGOs. People spend most of their money by paying these instalments and are left with very little money to buy food. The NGOs are very "professional" about collecting instalments – they will come to your house regularly and will wait for you. It does not matter whether you can eat or not, you have to pay the instalments.'

Village veterinarian in Dhamuirhat, Bangladesh

Credit featured in a number of accounts of how people cope with food price rises. For women in Mukuru, in Kenya, and farmers in Chikwanda, in Zambia, their lack of access to credit hampered their efforts to diversify, and they called for greater access to finance. In the Dhamuirhat community in Bangladesh, by contrast, there was a growing concern about over-indebtedness. NGOs providing micro-credit were seen as competitive lenders but tough creditors, whom only death could shake off:

'The situation is so severe that even the death of a family member does not make people sad – instead, they are often relieved. I know someone whose wife died two days ago. But he showed no tension or sadness. I tried to understand the reason and found out that his wife had a loan of Tk6,000 (\$82). Besides, the price hike was making his life really difficult. Now, as his wife is dead, he will not have to worry about the loan or instalments, and at the same time, he no longer has to buy food for his wife. So overall, he is quite relieved.'

As these accounts are from only one of Bangladesh's 80,000 villages, around 90 per cent of which have microfinance lenders, they should be treated with caution, and merely illustrative of how some people are experiencing their debt burdens. The manager of an NGO branch office in the area, one of the handful of very large micro-credit lenders in the country, noted that there had been pressure on repayment rates due to the recent price volatility. His organisation had responded by being more flexible and adapting repayment schedules to help people cope, as well as adopting more rigorous screening of potential borrowers – particularly in light of the fact that loan sizes were increasing alongside inflation. However, despite efforts to be proactive in helping clients deal with the price hike, it became clear that the office (only one of more than 3,000 branches nationally) had been feeling the effects of people's inability to repay; during the interview, a staff member rushed in to inform the manager that another client had just run away without repaying their loan. It seems that 25 clients ran away without repaying in 2009, but only 12 did so in 2010. Yet, in just the first two months of 2011, 7 clients had already run away.

In Gandasari, Indonesia, people were commonly obtaining small amounts of shop credit, borrowing from friends, or taking advances on wages. Some were concerned about the build-up of debt. Informal sector workers in the area estimated that they had more local store debt than a year ago (up by around Rp100,000–200,000 or \$12–24). Women in Mukuru had similar concerns about the temptations of easy shop credit.

In the research communities in Kenya, there were some reports of asset sales, including of quite small household items. Gandasari export sector workers said that most migrant workers were remitting less money home than they used to, and that families back home were having to live more frugally, which they were complaining about.

Other informal sources of credit and support were found in some places, such as family loans and types of charity for beggars in rural Bangladesh. In Mukuru, in Kenya, *kudoea* (dropping in on friends and neighbours near mealtimes in the hope of getting a free meal, or sending children to do so) offered something of a safety net – although sometimes those people had nothing to offer.

Some of the poorest people in Kenya were receiving some support from the Catholic Church. Some women noted that in desperate times, they would borrow a *bui bui* (black veil) and go to the mosque to borrow or ask for food.

5. The politics of food price rises

'We don't have the commitment from our government. Our MP does not even know how we live or survive. There is just no concern.'

Men in Chikwanda, Zambia

'It is high time Kenya went the Egypt way. We need a leadership change!'

'Touts' or transport workers in Mukuru, Nairobi

'In Bangladesh, you cannot achieve anything without a showdown, without demonstrations. If the people take to the street and vandalise 20/30 cars, only then will effective steps be taken, prices will come down, and the poor will be able to live a happy life.'

Transport and informal sector workers in Notun Bazaar, Dhaka

5.1 Views on the causes of food and fuel price volatility

People's views on the causes of high and volatile food and fuel prices were remarkably similar across all eight sites. They generally identified the root causes as a combination of local and national factors. Notably, few people blamed global commodity prices for domestic price spikes, and unless prompted, did not offer this as an explanation. For instance, a group of male automotive factory workers in Gandasari, near Jakarta – who were among the more educated and skilled respondents and were themselves part of a global value chain – listed the causes of food price rises as:

- A 'game' played by local speculators;
- The rise of fertilizer costs leading to a decrease in agricultural production;
- The rise of oil prices leading to increased transportation costs;
- Government policy;
- Volcanic eruption (particularly important for explaining the rise in local chilli pepper prices);
- Climate-related uncertainties affecting harvests;
- Decrease of agricultural area;
- Decreased supply;
- Demonstrations and rallies causing transportation problems.

Other than in relation to the oil price, there is no direct reference in this list to global influences on food price rises. In Dhaka, people rejected the idea that global market conditions were causing food price rises, portraying it as a convenient excuse for government failures or inaction. One man in Dhaka said that the idea that global markets were having this effect on local prices was a 'bullshit' story told by leaders to 'save their faces'. When pressed on this point, some said they did not know about international markets, but still thought that local and national action was needed.

The general understanding was that the factors driving food and fuel price volatility lie within the domestic economy, and so to some degree can be shaped by government action. The commonly identified causes fell into nine categories:

- **Localised speculation, hoarding, and other unfair market practices.** A common cause of high food prices, particularly in the Asian listening posts, was believed to be

speculation, hoarding, and other unfair practices among traders, dealers and other groups with power to affect the price of basic goods. Hoarding of rice and other food items by traders and dealers is firmly and widely understood to be at least part of the cause of food price rises in Bangladesh. In Dhaka, one shopkeeper in a big local food market fully believed in the collusive practices argument:

'The top businessmen of the country sometimes develop a syndicate among themselves. They store the food and tell each other not to sell food in the market. Instead, they come to a consensus that they should store the food items a little longer, pushing up the price, and should sell them when the price almost doubles. These people are real criminals.'

In Banjar, farmers thought there had been collusion between vendors and fertilizer warehouses to release supplies only once the price had risen. In Kenya and Zambia, some people felt that traders and food processing companies were complicit in pushing food prices up and keeping them artificially high through collusion and unfair competition.

- **Regulatory failures and corruption.** Corruption among government officials and politicians at different levels was widely understood to exacerbate and be connected to concerns about cartels and hoarding. This took a number of forms. For instance, there were specific concerns that national politicians in Bangladesh were unwilling to tackle unfair market practices because they had received support for their electoral campaigns from corrupt businessmen, and that food price regulators were bribed to turn a blind eye when retailers flouted price controls. Other concerns were more general – for instance, that bribery and corruption distracted the attention of officials and politicians from the mundane concerns of dealing with the problems facing poor people.
- **Lack of government responsiveness.** Many people expressed the view that officials and politicians 'do not care about the poor'. Porters in Mukuru felt that government officials were ignorant of the problems facing their community, and women in Mukuru thought that the government had wasted money on activities that did not benefit people. As one woman explained:

'Instead of the leaders helping us by reducing food prices, they spend money going to tell people that Ocampo [the International Criminal Court prosecutor] should not come [to pursue inquiries against those responsible for the 2008 election violence].'

People in Mukuru also said that their political leaders were only ever accessible just before elections. During times of food insecurity, they were said to distribute relief food along tribal lines or to those closest to the chief – a theme that was also echoed in discussions of access to fertilizer in Zambia and social safety nets in Bangladesh. One child asked: 'Is there a councillor representing us? Because I have never seen him.' A Mukuru construction worker said:

'The other day the government was saying that the hunger problem does not exist. Yet people in Turkana are succumbing to it. Are they really aware?'

This theme of the government not caring about poor people was mentioned across all eight research sites. Informal sector workers in Banjar said, 'It seems that the government is too busy thinking about themselves,' while in Bekasi, formal sector workers thought that the poor community could voice a complaint to the government, but it was not likely to be heard; in any case, the government knew of the price rises but paid no attention to the community.

- **Climate change and local environmental factors.** These were identified in most locations as direct causes of recent poor harvests. People cited flooding and high sea transport costs because of bad weather in Kalimantan in Indonesia, as well as

volcanic eruptions believed to explain the rise in the price of pepper in Bekasi. In both research sites in Kenya, drought was universally cited to explain food shortages and high prices.

- **Pressure on resources.** Scarcity featured strongly in people's explanations of the food price rises. In Bangladesh, over-population was a key concern, with its resulting pressure on land. One extreme view from a Naogaon brickfield labourer was that *'You need to kill people. If a war breaks out that will kill 20 or 30 million people, then the problem will be solved.'* In Kenya, rapid population growth was seen as part of the cause of high food prices. In Indonesia, people argued that there was a need to expand farmland to meet the needs of a growing population, and Banjar district officials also held that mining was destroying farmlands. In Mukuru, Nairobi, schoolchildren said that landgrabbing by private property developers was squeezing agricultural land, and that this was contributing to the scarcity of affordable food, while other focus group participants in Mukuru felt that farmers were leaving agriculture to seek better opportunities in the cities, and that the growing population had led to over-division of agricultural land into small farms that were unviable.
- **Market failures.** Lack of the expected supply response to high prices (i.e. farmers planting more), typically exacerbated by a failure of input markets, was believed to lead to lagged responses that kept prices high. This was the case for beef in Naogaon in Bangladesh, and for vegetables and other items in Chikwanda in Zambia.
- **Agricultural inputs.** Withdrawal of fertilizer subsidy in Indonesia and the distribution of fertilizer to the palm oil industry were cited as factors behind the food price hike in Kalimantan. In Chikwanda, Zambia, people blamed the manipulation of the price of fertilizer, along with inadequate credit.
- **Wage rises and public spending.** Wage rises were seen as partly to blame for high rice prices in Indonesia, and untaxed salary increases for public officials in Kenya, including MPs, were seen as a cause of food price rises.
- **Transport costs.** The high price of fuel and transportation costs was said to explain the high price of fish and *kapenta* (small dried fish) in Zambia. Demonstrations and rallies in Bekasi, Indonesia, were said to have contributed to transport problems and rising rice prices, and in Mukuru, in Kenya, people felt that rising fuel prices and generally high costs of transporting food to the slum were factors.

5.2 Who should act?

'We women cannot prevent the prices from rising. The government, the President and Parliament members should do something.'

Female formal sector worker, Gandasari, Bekasi, Indonesia

People expressed the view that responsibility for acting on price rises remains firmly with the state, both central and local government: *'The President, as the highest authority, should stabilise the prices of staple foods, no matter how,'* was one view in Indonesia. People identified a number of specific actors such as local authorities, village chiefs, the President, central government finance and commerce ministers, and market officials, whose responsibility it was to:

- restrict exports of goods in low supply;
- alternatively, to facilitate imports more effectively to bring prices down;
- regulate and punish hoarding and speculation. As one village doctor put it, *'The businessmen should get some moral teaching. If they were afraid of Allah and conducted business honestly, the situation would improve.'* A Bekasi Regency official said: *'Importers should not come from private sectors as these commodities are*

people's necessities. This sort of thing should be in the hands of state-owned enterprises.'

- make affordable food and fuel available through direct subsidies and sales;
- monitor the situation. Farmers in Kalimantan put forward their own association to participate in the monitoring of fertilizer distribution.

Generally, governments were seen to have failed in their responsibilities to act to keep food prices down, or to protect the most vulnerable groups from the effects of high prices. Where control had been achieved, this was seen as the result of direct political pressures for re-election, as was the case in Zambia, where the Presidential election was imminent at the time of the research. Other people recalled earlier (more authoritarian) regimes as times in which food prices had been better controlled, with references to the Ershad regime in Bangladesh, the Suharto period in Indonesia, and the Moi government in Kenya. In Kenya, one woman in Mukuru remarked that, *'Even if the new Constitution was adopted, it does not care for the needs of the poor'*, a theme that was taken up by others in the focus groups.

The official lack of responsiveness was not generally attributed to a lack of knowledge of the situation, although there was some support for closer and more effective monitoring – perhaps as a means of publicising people's concerns. People cited television and other media channels as examples of ways in which the government could know about the rising cost of living. Yet, in both Indonesia and Bangladesh, people also noted that the Trade or Commerce Minister talks about the issue on TV, *'But there is no impact. The prices are still high.'* Indeed, in Bangladesh and Indonesia in March and April 2011, the appearance of the Commerce Minister on TV talking about food prices coming down was seen as a surefire sign that they were about to go up! Some respondents felt that research of the kind we were doing could help to raise the profile of this issue; however, others were more sceptical, and quite scathing about the prospects of it having any impact at all.

In Bangladesh and Indonesia, people clearly stated that there would need to be demonstrations and other forms of direct action if government were to hear their concerns, but they also feared that such protests would fail. Yet there was also a widespread sense of resignation to the situation, and a sense of fear about direct action. A veterinarian in Dhamuirhat noted that:

'You know what, [pet] dogs in foreign countries enjoy more facilities than the poor of this country. People are completely fed up and have given up. They used to show their frustration, criticise the government, but now have come to the realisation that nothing will improve their situation. So they have stopped thinking and protesting.'

A woman in Kenya mentioned her fear of tear gas should she participate in protests, and stressed that the approach should be peaceful demonstration. One woman in Simpang Empat village, in Banjar, Indonesia, said it was necessary to rely on others to report their concerns:

'Like reporting to these gentlemen from Jakarta [the SMERU research team], whom we hope, will report this to the President. If we common people go to report to the President, we'll have the security guards fast on our tails.'

In the communities in Bangladesh, Indonesia, and Kenya, there was a considerable degree of anger – notably among young urban men – about the official failure to act. In Indonesia, young men dismissively blamed 'Gayus and his cronies'¹¹ for stealing fertilizer funding. In Dhaka, young rickshaw-pullers spoke of the need to vandalise cars in order to gain the attention of the government.¹² In Zambia, expectations seemed somewhat lower, and there was less discussion of direct action and 'unruly' forms of politics. But in Kenya, people in Mukuru said that they would camp outside the chief's office until they were given relief, and that only this would make the local authorities wake up and respond to their situation. One woman said:

'In the new Constitution, we have the right to be provided for food by the government. So when we lack food, we camp in the chief's office until we are given relief food.'

One view among 'touts' or transport workers in Mukuru was that:

'The leadership should change completely and especially to one leader instead of both premier and president. This government is so corrupt, how come in [President Daniel Arap] Moi's era food accessibility was so good, unlike today, even though there was no devolvement of funds? Maybe it is time we went the way of Egypt. Kenya should not import anything, its exchange is high, it has got all the natural resources it needs but still we suffer! Leadership is bad! We need a leadership change!'

One particularly angry young man gave a graphic account (not repeatable here) of what he would do to convince the Commerce Minister of the seriousness of the situation in Bangladesh. It seemed that many of the young urban men with whom we met were highly frustrated and would be easily mobilised into direct action.

Conclusion

Listening to people's accounts of what the food price rises mean to their everyday lives puts a very human face on otherwise abstract macro-economic trends and global food price indices. It is not possible to say that the hardships and discontent revealed in the eight 'listening posts' involved in our research will be replicated across poor communities around the world; these are illustrative, not representative accounts. Our research also revealed a diverse picture of the impact of the food price rises, with some winners amidst the many losers in each of the eight communities.

Yet, just as the wider processes shaping the lives of the people we interviewed in each community are global and national processes, they are also affecting people elsewhere. These personal accounts of the impact of food price rises provide a sense of how they affect people's broader well-being – not just their calorie intake. The effects are on people's quality of life in all its dimensions: on how much and how well they can afford to eat; on their mental and physical health; on marital and parental relationships; on stress linked to over-indebtedness; on how well people can live together – their social lives and social cohesion; and on how they earn a living – a major struggle at the best of times for many of these people.

The research offers insights into how economic shocks of this kind work to increase and perpetuate inequality. By looking at what has changed over time, we can see the 'nuts and bolts' – the inner workings of the machinery of social and economic power relations, turning in such a way that a price spike further entrenches inequality, producing consistent patterns of 'weak losers' and 'strong winners'. To the strong – those in formal employment, those with assets, and with access to credit – go the spoils. But the weak lose out – the vast majority who work in the informal sector; landless labourers; women in the care economy; and small farmers who cannot afford, or lack the political connections to secure, the inputs and credit they need to take advantage of high prices.

What is most striking about this research is that it highlights an aspect that is usually ignored in research with poor people: their political views on the situation. In this respect, our findings should merit close attention by policy makers everywhere, particularly at a time of growing political unrest around the world. The key finding from the third round of our research, in 2011, is that poor people do not merely cope by working harder, eating less, living more frugally, drawing down resources and assets, and managing on a day-to-day basis. They also respond politically: they contest official explanations of the causes, and they roundly criticise their governments for failing to act effectively. They analyse the causes of the problems they face as political problems, identifying a lack of responsiveness to their needs, and corruption and collusion among powerful politicians and business interests, as among the sources of the problems they face. 2011 has not seen the wave of food riots seen in 2008, perhaps because governments have been responsive enough to adjust wages where they have such powers (which, of course, does not include the informal sector, in which the vast majority of poor people work). Yet this research strongly indicates that the current food price spike has eroded political legitimacy in all four countries, as people see that their governments have failed to act on this most pressing of problems. We do not know what this will mean for political stability and unrest in the future. Yet the discontent is palpable, and directly linked to what are seen as intolerable food and fuel price rises.

It is not as though governments are unaware of these problems, even if they fail to monitor them as closely as people think they should. There are actions being taken in all of these countries to try to stabilise food prices, and to mitigate their worst effects. But individual governments' scope for action is clearly limited in a global food market. The findings of growing popular discontent and the erosion of political legitimacy are a vivid illustration of Dani Rodrik's recent argument that deeper globalisation is incompatible

with national self-determination and democracy.¹³ How can democratic governments respond to their citizens' need for stable food prices when their scope for action is so constrained by the volatilities inherent in the global economy?

Such findings point to the need for a twin-track response to food price spikes: dynamic, accountable and progressive action by national governments, backed by greatly improved, co-ordinated responses at the global level. Whether the primary concern is people's well-being, or political stability, food price spikes should be a cause both for concern and for action.

Notes

¹ FAO (2011) 'Global Food Price Monitor', 7 April, www.fao.org/giews/english/gfpm/GFPM_04_2011.pdf

² World Bank (2011) 'Food Price Watch', February, www.worldbank.org/foodcrisis/food_price_watch_report_feb2011.html

³ There has been a great deal of debate about the link between food prices and recent uprisings, the common thread of which appears to be that while high food prices cannot be said to have caused the Arab uprisings, they have been a contributory factor. In February 2011, World Bank President Robert Zoellick stated that food price inflation 'aggravated' recent social and political unrest (see M. Sanina (2011) 'Global Food Price Spike Adding to Civil Unrest, Some Say', PBS Newshour website, www.pbs.org/newshour/rundown/2011/02/food-prices-spike.html). An FAO background document goes further, stating that '[h]igh food prices have created civil unrest in many countries and a few governments were even overthrown. See FAO (2011) 'High Food Prices: The Food Security Crisis of 2007–2008 and Recent Food Price Increases – Facts and Lessons', Rome: FAO, www.fao.org/fileadmin/user_upload/ISFP/High_food_prices.pdf. A much-discussed graph apparently showing the relationships between food price inflation and the 1848 revolutions in Europe has been updated by Barings Asset Management staff to include contemporary wheat price data for several Arab countries. See blog by Paul Mason, BBC Newsnight Economics Editor, 'Revolutions and the Price of Bread: 1848 and Now', www.bbc.co.uk/blogs/newsnight/paulmason/2011/04/revolutions_and_the_price_of_b.html

⁴ In the poorest 20 per cent of Malian households, food consumes 53 per cent of all household spending; and although in much of South Asia 40 per cent of all household spending goes on food, for the poorest 20 per cent of Sri Lankans, the figure is as high as 64 per cent. See World Bank (2008) 'Rising Food and Fuel Prices: Addressing the Risks to Future Generations', <http://siteresources.worldbank.org/DEVCOMEXT/Resources/Food-Fuel.pdf>

The poorest people spend roughly three-quarters of their incomes on staple foods. See J.A.L. Cranfield, P.V. Preckel and T.W. Hertel (2007) 'Poverty Analysis Using an International Cross-Country Demand System', Policy Research Working Paper, Washington DC: World Bank. See also M. Ivanic and W. Martin (2008) 'Implications of Higher Global Food Prices for Poverty in Low-Income Countries', World Bank Policy Research Working Paper No. 4594. In the UK, 8 per cent of people's disposable income is spent on food (Oxfam calculation from Euromonitor, 2011).

⁵ See FAO Global Information and Early Warning System (GIEWS) 'Country Brief: Kenya' (28 March 2011) and FAO GIEWS 'Country Brief: Zambia' (3 January 2011).

⁶ 'Contemplating sustainable solutions to garments sector unrest', The Daily Star (Bangladesh, internet edition), 10 July 2010.

⁷ WFP (2011) 'Bangladesh Food Security Monitoring Bulletin', Dhaka: World Food Programme, <http://home.wfp.org/stellent/groups/public/documents/ena/wfp231366.pdf>

⁸ Ibid.

⁹ Research by WIEGO confirms this as a pattern across other parts of the world. See Z. E. Horn (2009) *No Cushion to Fall Back On: The Global Economic Crisis and Informal Workers*, Women in Informal Employment: Globalizing and Organizing (WIEGO)/Inclusive Cities Project report; and WIEGO (2011) *Coping with Crises: Lingering Recession, Rising Inflation, and the Informal Workforce*, WIEGO/Inclusive Cities Project report.

¹⁰ Earlier rounds of this research arrived at similar conclusions.

¹¹ Gayus Tambunan was a rank-and-file officer at the Tax Department in Indonesia who was discovered to be in possession of Rp28bn (roughly \$3.1m – a sum far exceeding a tax official's regular salary). The funds were alleged to have come from bribes that Mr. Tambunan accepted in return for providing lower tax assessments. An ongoing investigation has uncovered a wider network of corruption within Indonesia's tax system. This network is reported to include others within the Tax Office, the Tax Court, and the police, as well as the firms who have benefited from the corruption.

¹² A few weeks after the research was completed, rickshaw-pullers protested new regulations on the roads they could use by blocking main city roads, damaging cars, and causing general mayhem. 'Rampage for rickshaws: pullers damage over 100 vehicles as more roads made off-limits to the slow vehicle'. *The Daily Star*, 29 March 2011.

¹³ D. Rodrik (2011) *The Globalization Paradox: Why Global Markets, States, and Democracy Can't Coexist*, Oxford: Oxford University Press.

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