



**A POLICY BRIEF ON THE IMPACT OF AN INCREASE OF COMMODITY PRICES IN RWANDA: ITS EFFECTS IN GENERAL AND ON GENDER AND WOMEN IN PARTICULAR**



**OCTOBER 2022**

## Introduction

The World Health Organization (WHO) officially declared the outbreak of Coronavirus as a pandemic On March 11, 2020. As its effects rolled through societies and economies across the nations, women being the most vulnerable group, are expected to bear the heaviest impact.

The recovery of the global economy following the shock of the Covid 19 pandemic and the Ukrainian war, in a context of abundant financial liquidity and a highly expansionary fiscal policy in the major developed countries, has favoured rising commodity prices. In the first two quarters of the year, Bloomberg's general commodity price index rallied more than 20%, largely driven by the rise in energy prices (44.5%), followed by the less pronounced but nevertheless important increase in agricultural goods (20.5%) and industrial metals (17.6%).

In Rwanda, prices have risen rapidly in recent months for major commodities especially food, fuel, wheat, housing, transport and fertilizer and others driven in large part by the ongoing war in Ukraine and the sanctions imposed on Russia. Other factors have contributed to the crisis, such as export bans and continued supply chain disruptions from the COVID-19 pandemic. For example, between June 2021 and April 2022, the global prices of palm oil and wheat increased by 56% and 100% in real terms, respectively. At the same time, the price of fertilizer doubled, while crude oil and natural gas prices have also risen substantially. However, wide variation also exists across commodities, with real maize prices increasing by only 11%, and rice prices declining by 13%<sup>1</sup>.

### **Major commodities that have been affected by price fluctuations:**

Fuel, Natural Gas, Wheat, Rice, oil products, Maize, Palm oil, Crude oil, Natural gas, Fertilizer, sugar, millet, Pulses, groundnuts, oil seeds, cassava, Irish potatoes, sweet potatoes, vegetables, sugar cane, cereals, tobacco, bananas, plantains etc

## Rwanda: Status of gender equality and Women Empowerment

Rwanda recognizes the importance of empowering women and girls and has since the last two decades made tremendous efforts in promoting Gender Equality and Women Empowerment (GEWE). Rwanda has made great efforts to promote economic inclusiveness with special focus on traditionally excluded groups including women as a result a number of policies and programs have been put in place to support women, gender equality and economic empowerment of women. Despite achievements registered in gender equality and women's empowerment in Rwanda through existing policies and various initiatives, many gaps remain to be addressed especially the recent regional and global shocks due to, the War in Ukraine and Russia, Covid-19 pandemic restrictions and closure of borderlands which has affected both domestic and cross-border trade activities that are mostly done by women

## Rwanda: Impacts of the Crises on the economy and the Population

The price of specific commodities began to raise starting with the Uganda -Rwanda Boarder closure as well as Rwanda- Burundi Border. Commodities that were initially imported from

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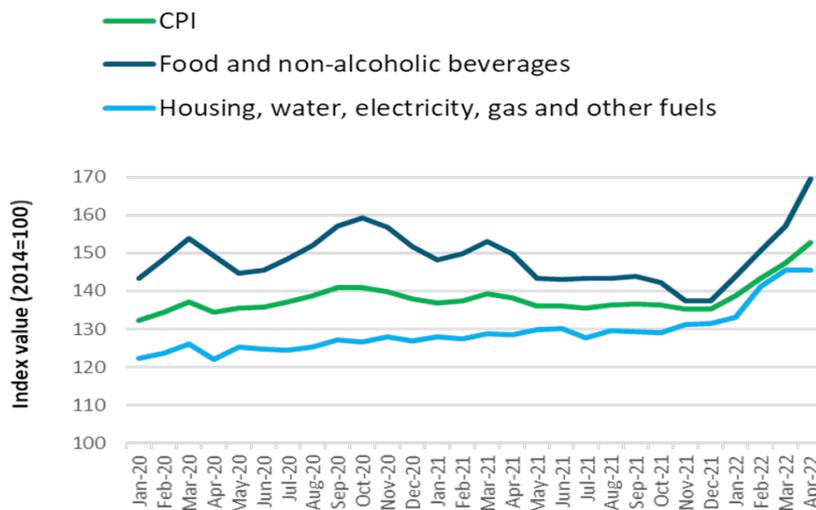
<sup>1</sup> International Food research Institute (IFPRI): Global Crisis 2922

Uganda to supplement Rwandan products became scarce, for example; milk, maize flour, wheat flour, cooking oil, beans, sugar, alcohol, bread, bananas, fish and soap among others food commodities were no longer imported to Rwanda hence affecting the local food prices and other non-food prices. This situation led to a mismatch between demand and supply of these commodities, local market was no longer satisfied by the local products, some businesspeople resorted to hoarding products in speculation of future price increase due to scarcity, thus negatively impacting on the final consumer and the changing consumer price index.

**Early signs of inflation in Rwanda:**

- Food, feeds, and energy costs with high import components already increasing
- Other rising costs may be driven by more local or regional factors

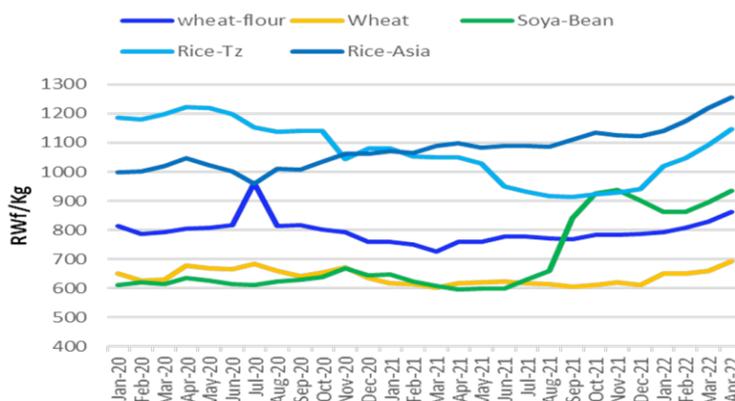
**Consumer price index, 1/2020 to 4/2022**



**Consumer Price Index (CPI):** The Consumer Price Index (CPI) measures the monthly change in prices paid by Rwandan consumers. The table below shows the CPI trend between January and August 2022.

Source: Estimates using MINAGRI, eSoko price database, April 2022

**Local commodity prices, 1/2020 to 4/2022**

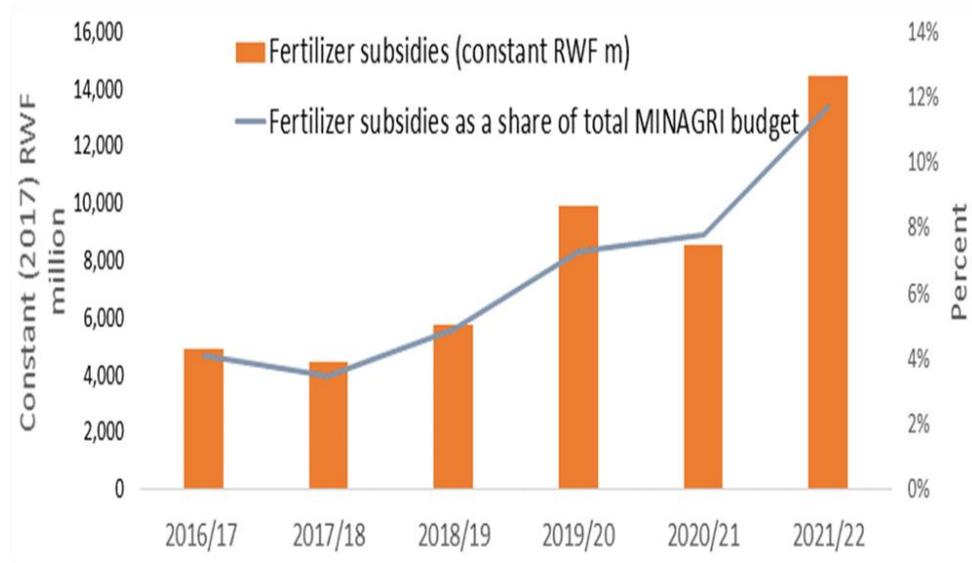


Source: NISR Consumer Price Index, April 2022

The relative importance of each commodity group for Rwandan is already well understood, but a more quantitative analysis of the overall impact of the Price rise crisis on the country is critical. For example, the effect of higher world prices on Rwanda’s economy depends on how important the affected products are in the total supply of each commodity, and whether local producers and consumers can readily substitute away from higher-priced imports. Similarly, the hiked prices of the products in question leads to low purchasing power of especially low-income households and women are more likely to be affected than men since they are majority poor and are food providers to their families.

**Fertilizer** is yet another commodity that has been faced with price increase, this an important farm input in Rwanda and women in particular whose main economic activity is agriculture. International fertilizer prices have increased rapidly since 2020 due to multiple factors. The Price increase have impacted on Rwanda’s agriculture sector, with implications for crop production, subsidy costs, and the Government of Rwanda’s agricultural budget (as the total of budgets for MINAGRI central, RAB, NAEB, and earmarks for districts).

**Fertilizer subsidies in constant (2017) Rwf and as a share of budget, FY 2016/17 to 2021/22**



The agriculture sector employs the majority of Rwandan workers (68%), with women representing 79% of the total agricultural labour force<sup>1</sup>. Though an integral part of the agriculture sector, women farmers don't benefit from equal access to farm inputs, agricultural extension services and finance, the raise in fertilizer prices will worsen the already low use of inputs by women

*Source: Agriculture annual survey 2021*

**Fuel shocks.** Data from the global Crisis study 2022 by IFPRI indicates that higher fuel prices account for more than 1.3% of the total fall in real GDP, compared to fertilizer and food price shocks at 0.6% points respectively. GDP losses outside of the agrifood system are mostly driven by higher fuel prices, which raise transaction costs and market prices and reduce consumer demand, consequently impacting negatively on the most vulnerable of society mainly women and girls.

More significantly, the high cost of petroleum products especially cooking gas and fuel negatively affect Women’s household activities, a discussion with Women of change group members and other women respondents revealed that the cooking gas is no longer affordable, women have resorted to using charcoal and firewood again that are associated with unhealth hazards, unfriendly to the environment and have increased their unpaid domestic care work burden that affects more women and girls than their male counterparts. Further, high fuel prices have made transport very costly, access to markets, transportation of commodities and people is quite expensive, thus impacting negatively on women informal businesses and information access to boost their livelihoods.

## The Effect of Covid 19 Pandemic and Other Global Crises in Rwanda and on women in Particular:

Women, who make up the bulk of low-wage workers and are the majority of both paid and unpaid caregivers, are feeling the impact of inflation in all aspects of their lives, including at the grocery store. The recovery of the economy following the shock of the Covid 19 pandemic in a context of abundant financial liquidity and a highly expansionary fiscal policy in the major developed countries, has favoured rising commodity prices.

The pandemic has jeopardized the progress made in reducing poverty and inequality in recent years. The crisis is dramatically increasing poverty in both rural and urban areas and most especially targeting women and girls in informal sector which is not regulated today. The COVID-19 pandemic has further impaired human capital development in Rwanda through reducing access to education and disrupting the delivery of essential health care services, with potentially dire implications for productivity and long-term development.

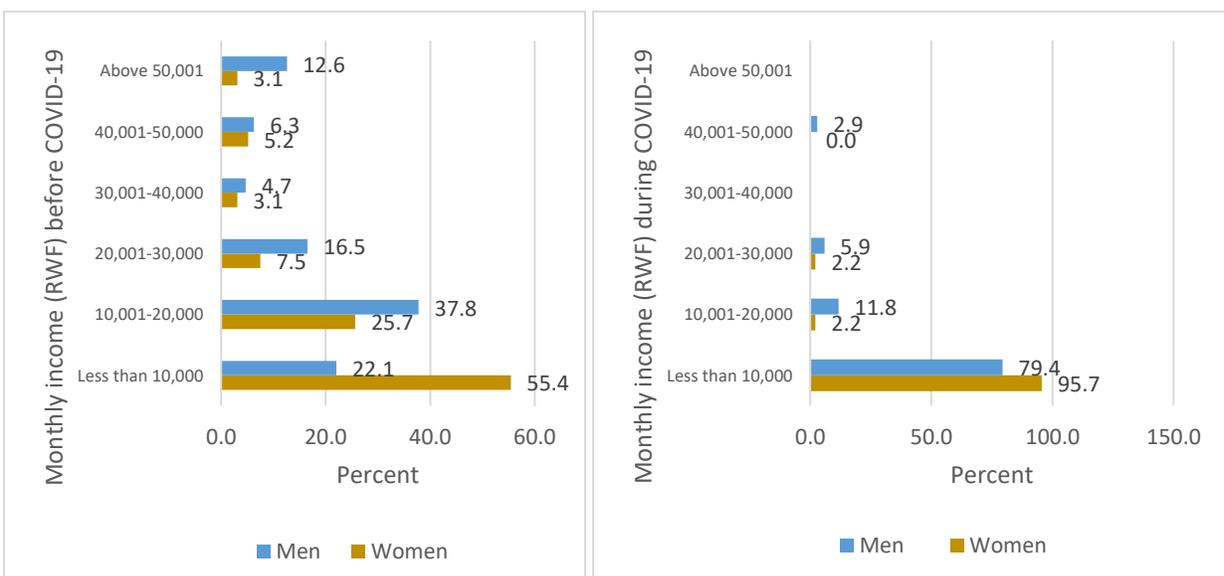
*“Inflation is hurting women at the grocery store. Some are eating less in order to feed their families.*

*As grocery prices rise, women have few places to turn. Some report skipping meals, government food benefits have not kept up and household food stores are also starting to feel the impact”*

Chabeli Carrazana

Economy Reporter April 12, 2022

**Figure 5: Impact of Covid-19 on monthly income**



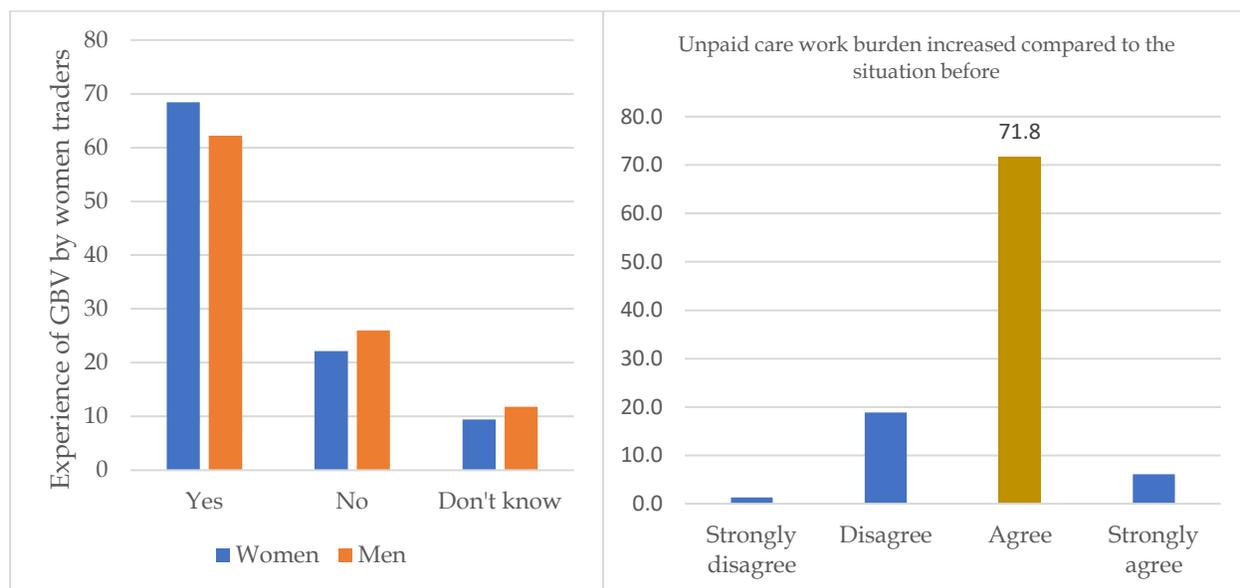
**Source: Effects of Covid 19 on Cross border trade in East Africa**

A study done by a team of the International Food Policy Research Institute (IFPRI) staff, “Assessing the Gendered impacts of COVID-19 on agriculture, food security and nutrition” revealed that;

- Both rural women and men reported income losses from the Covid 19 pandemic.
- To cope with the income loss, they worked more hours, changed jobs, used savings, borrowed funds, and sold assets. Women were more likely to report borrowing as a coping strategy.
- Women were more likely than men to report food insecurity.
- Women were less likely than men to have adequate diets—only 24% of women consumed at least 5 food groups compared to 38% of men in round 1 and the gap increased to 23% of women and 43% of men in round 2

The high prices of major household commodities especially food meant that families’ purchasing power reduced, they went without enough food, and this is traditionally a responsibility of women, this increased conflicts among couples leading to more cases of Gender based violence (GBV) during COVID-19 period. Teenage pregnancies due to idleness and poverty Respondents agree that reproductive health services at hospitals, health centers were not well delivered during this period, further 71.8% of the women respondents agreed that unpaid care work increased during the Covid-19 period compared to the period before the pandemic mainly because more family members were staying home due to Covid 19 restrictions.

**Figure 6: Experience of GBV by women traders and level of acceptance of unpaid care work by women**



Source: Rapid Gender Assessment report on Covid 19- 2020

The time burden on women lessens opportunities for economic empowerment through involvement in the formal employment sector, education or entrepreneurialism.

## Major Challenges and Policy Recommendations

The impact of the global economic crisis that has impacted the prices of major commodities at the global and national level has had significant implications for the economic and social empowerment of women and girls at an individual and community level, below are the issues and proposed recommendations.

No	Challenge	Policy Recommendation	Responsible Stakeholders
1	Household level consumption expenditures have been reduced because of the decline in overall income during COVID-19 lock down. Global food, fuel, and fertilizer prices have risen rapidly in recent months, raising concerns about how this will affect economic stability, food security, and poverty in Rwanda, women are more affected than their male counterparts,	<b><i>Deep Assessment of the impact of the Covid 19 shocks and the Global crisis - Ukraine-Russia war crisis on women and girls:</i></b> Rwanda should review and map the immediate and long-term impact of the economic crisis on women and girls, in particular whether and how it worsens existing gender inequalities, and related consequences, such as increased risk of gender-based violence, Un paid care burden, declining maternal and child health and limited access to farm inputs and other economic resources among others.	<b><i>NISR,GMO, MINECOFIN, MIGEPROF, MINICOM, MINAGRI</i></b>
2	Price fluctuations can heighten gender inequalities within households and reduce opportunities for social empowerment. There is evidence from this assessment that when food prices are high, women are often the first to stop eating in order to ensure the supply of food to their family	<b><i>Social protection mechanisms increased among vulnerable families:</i></b> The health and nutritional needs of women and girls need to be protected at all times and stepped-up during times of crisis, for example through policy measures such as food subsidies, increased rate of fertilizer subsidies, health insurance and cash transfers. Another key recommendation is that the government should consider rural food banks, and social protection services linked to accessing nutritious foods to address the large nutrition inadequacy levels in rural areas.	<b><i>MINALOC, MIGEPROF, MINISANTE, MINAGRI</i></b>
3	Speculation among traders leading to hoarding of some commodities leading to scarcity and high prices affects the final consumers	<b><i>Consumer Protection:</i></b> Government should ensure consumer protection through joint monitoring, Consumers' Awareness about prices of specific commodities, consumer should know rights, get receipts/invoices for their purchase to avoid any exploitation by traders.	<b><i>MINICOM, RICA, RRA, MINAGRI</i></b>

4	<p>COVID 19 restrictions increased Violence against women; because of high process for most essential commodities (cooking gas, milk, food, etc), limited access of these by women led to impoverishment conditions and hardened gender inequities by increasing women's financial dependence on men. Additionally, idleness and lack of sufficient food at home trigger unnecessary arguments and conflict between couples</p>	<p><b>Enforce Measures to mitigate and Prevent GBV:</b> There is need for more enforcement of disciplinary measures of GBV perpetrators, GBV cases should receive greater attention by policy makers and responsible agencies such as MIGEPROF, MINICOM, GMO and RIB. This can be also supported by more aggressive campaigns against GBV focusing on border communities and specifically cross border traders. For example, include clear communication and dissemination of relevant laws against GBV perpetrators, enforce prevention efforts at all levels</p>	<p><b>MIGEPRO F, MINICOM, GMO, RNP and RIB</b></p>
5	<p>Overall, national household consumption falls. The number of meals per day has decreased due mainly to increase in price of commodities since the onset of COVID-19</p> <p>Impacts are larger on rural households and women headed households, leading to an increase in inequality in Rwanda. However, all households are adversely affected by the price fluctuation crises. Falling household consumption also leads to greater poverty, particularly in rural areas and among vulnerable groups. Rising food prices are the most important factor for diet quality deterioration.</p>	<p><b>Government should maintain the current Fertilizer subsidies:</b> In the short term, if international fertilizer prices are expected to continue rising (e.g., as a result of global market factors including those related to the conflict in Ukraine), it may be necessary to maintain the current subsidy regime irrespective of the budgetary implications. This may send an encouraging signal to farmers especially women farmers' groups that MINAGRI is making efforts to manage the increase in fertilizer prices as best possible.</p> <p>Enhanced and sustainable access to required number and quality meals require <b>a multi-sector approach</b> and <b>harmonized interventions on food and nutrition</b> security by different institutions such as MINALOC, MINAGRI, and MIGEPROF among others. In short term, affected families can still be targeted in the on-going social protection programmes and be supported with inputs especially those involved in farming activities as part of the immediate response under the recovery plan.</p>	<p><b>MINAGRI, MINECOFIN, MIGEPROF and MINALOC</b></p>
6	<p>Covid-19 and its related restrictions have increased both the burden of unpaid care work and the incidence of GBV (in its different forms) among</p>	<p><b>Mitigate Unpaid care burden:</b> The increase in unpaid care for women and girls that has been seen to occur in times of inflation and crisis needs to be mitigated against through the provision of social care</p>	<p><b>National Gender Machinery, MIFOTRA</b></p>

	informal women and men in cross border trader as well as other families as a result of scarcity and a low purchasing power of household commodities that end in conflict and increased domestic burden for women and girls.	supports such as child-care services and support for elderly people and people with disabilities. Establishment of rules and regulations for the protection of traders in informal trade which is mainly run by women	
7	Both the Ukraine War and Covid-19 have negatively impacted the level of working capital for small-scale businesswomen and men	<b><i>Provide Working Capital to women and men struggling:</i></b> To address this issue, a new look at alternative options to provide working capital for men and women affected by the COVID-19 pandemic and the ongoing price fluctuations is highly needed to support them revamp their business activities. These options include increasing small grants for informal men and women in informal businesses possibly through Micro-finance and other financial institutions as well as adapted small business loans obtained through Business Development Fund (BDF).	<b><i>MINICOM, BDF, MINECOFIN, Commercial Banks</i></b>
8	Both Covid-19 and the Ukraine-Russia war have reduced income of women and men informal businesses, women are however more affected than men given their vulnerability and limited access to financial services.	<b><i>Financial stimulus packages for women's employment:</i></b> Financial stimulus packages have been a major strategy of governments seeking to address the impacts of such global and national economic crisis. Given the importance of investing in women and gender equality as a long-term strategy for protection from financial shocks and overall economic stability, women's employment needs to be a more significant focus of these stimulus packages.	<b><i>MINICOM, BDF, MINECOFIN, Commercial Banks</i></b>
9	Women operated Businesses have been the most affected compared to men due to COVID-19 and the ongoing inflationary environment.	<b><i>Increase Financial Guarantee Products for women:</i></b> There is a need to have new and well adapted financial and guaranty products especially for women in rural areas that are effectively embedded in the on-going national economic recovery plan in order to address difficulties in access to financial loans or products in supporting the recovery of their businesses, in addition to existing government interventions and support from development partners aimed at increasing the participation and ownership of businesses by women,	<b><i>BNR, MINECOFIN, BDF,</i></b>
10	The financial crisis is global and affects both the region and nations including Rwanda, Food imports are low because	<b><i>Full Utilization of food production units/spaces,</i></b> Food is very important, there is need for full utilization of available space for food production and provision of farm inputs subsidies to	<b><i>MINAGRI, RAB, MINALOC,</i></b>

	of both fertilizers and hoarding by countries that previously exported food to Rwanda thus the shortages coupled with low food commodities in season C.	boost food production among the vulnerable families. It is also important to improve food waste through Post Harvest Handling and fighting household food waste.	<b>RCA, MIGEPROF, MINISANT E,</b>
11	An absence of sex-disaggregated data has contributed to an inability to adequately assess the impact of the current crisis on women and girls in Rwanda. Ongoing monitoring and trend analysis, and better data for quantitative measurement and qualitative studies of the impact of the crisis on the lives of women and girls, are needed to design effective policies and programs for the future.	<b>More rigorous monitoring and analysis:</b> More deep assessments and analysis of the existing challenges and impact of the current price fluctuations on the public and gender equality in particular is critical to fully inform policy decisions.	<b>NISR, GMO, MINECOFI N</b>