Seasonality and High Food Prices: A double challenge

Launch seminar ~ "Seasons of Hunger"

16 October 2008

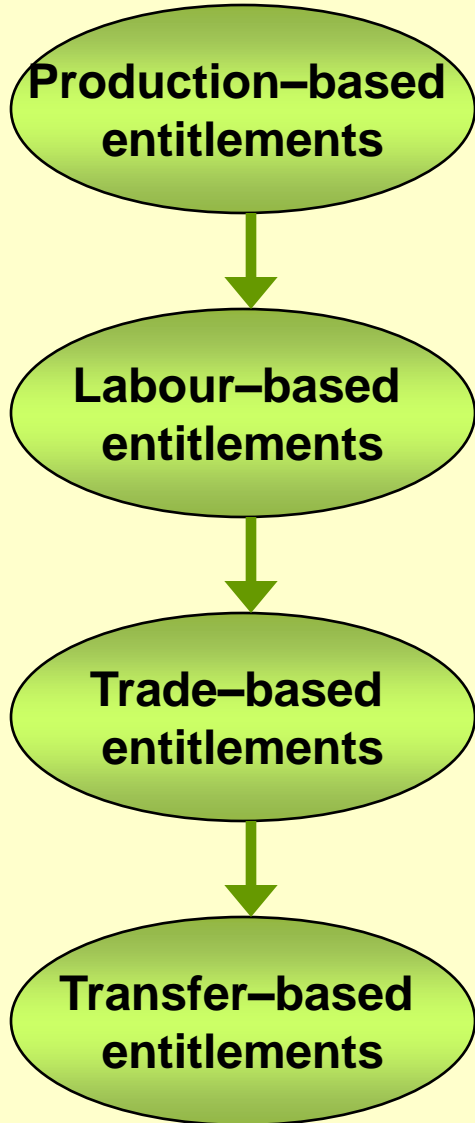## Stephen Devereux

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Future Agricultures

Policy responses to seasonal hunger

Production–based entitlements → ➤ **Input subsidies**

Labour–based entitlements → ➤ **Food–for–work**

Trade–based entitlements → ➤ **Pan–seasonal pricing**

➤ **Food price subsidies**

Transfer–based entitlements → ➤ **Food aid**

1980s ⇒ 2000s

Production–based entitlements

➢ Abolition ⇒ revival of **Input subsidies**

Labour–based entitlements

➢ **Public works** ⇒ **Employment guarantee**

Trade–based entitlements

➢ Abolition ⇒ revival of **Food subsidies**

Transfer–based entitlements

➢ **Food aid** ⇒ **Cash transfers**

Seasonal cash transfers in Southern Africa

Jul   Aug   Sep   Oct   Nov   Dec   Jan   Feb   Mar   Apr   May   Jun
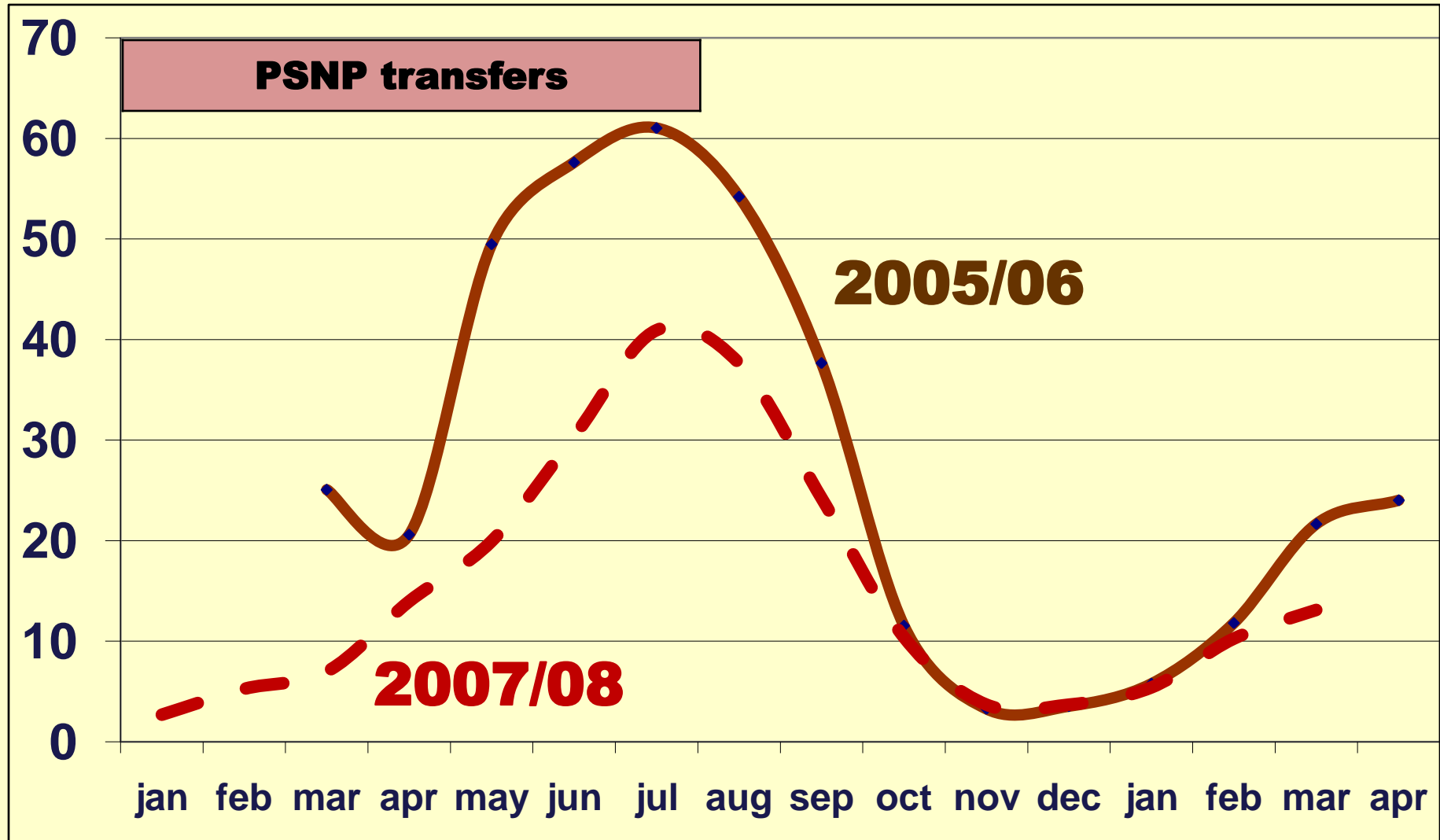
Planting	Hunger	Harvest

Malawi (FACT)

Malawi (DECT)
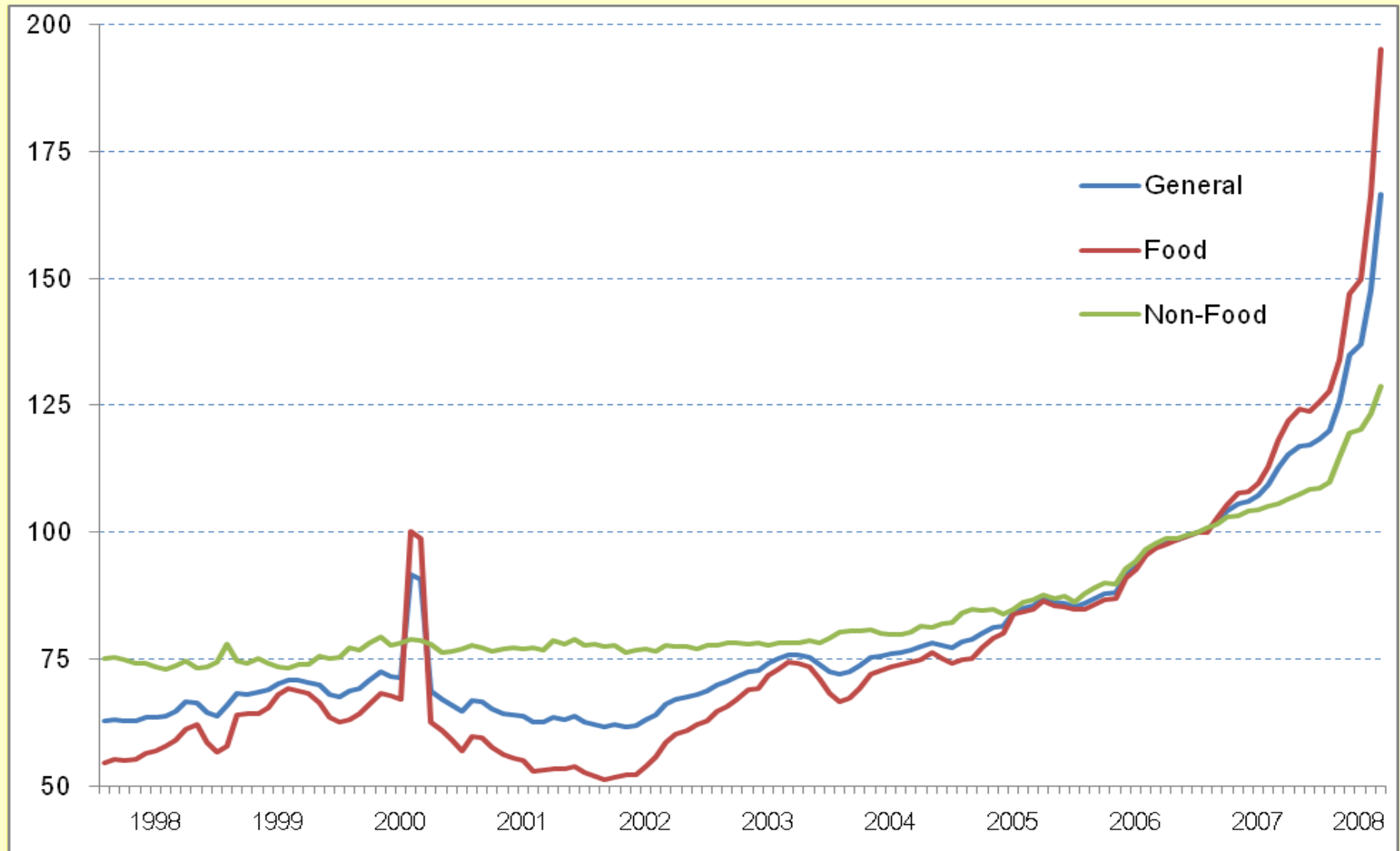
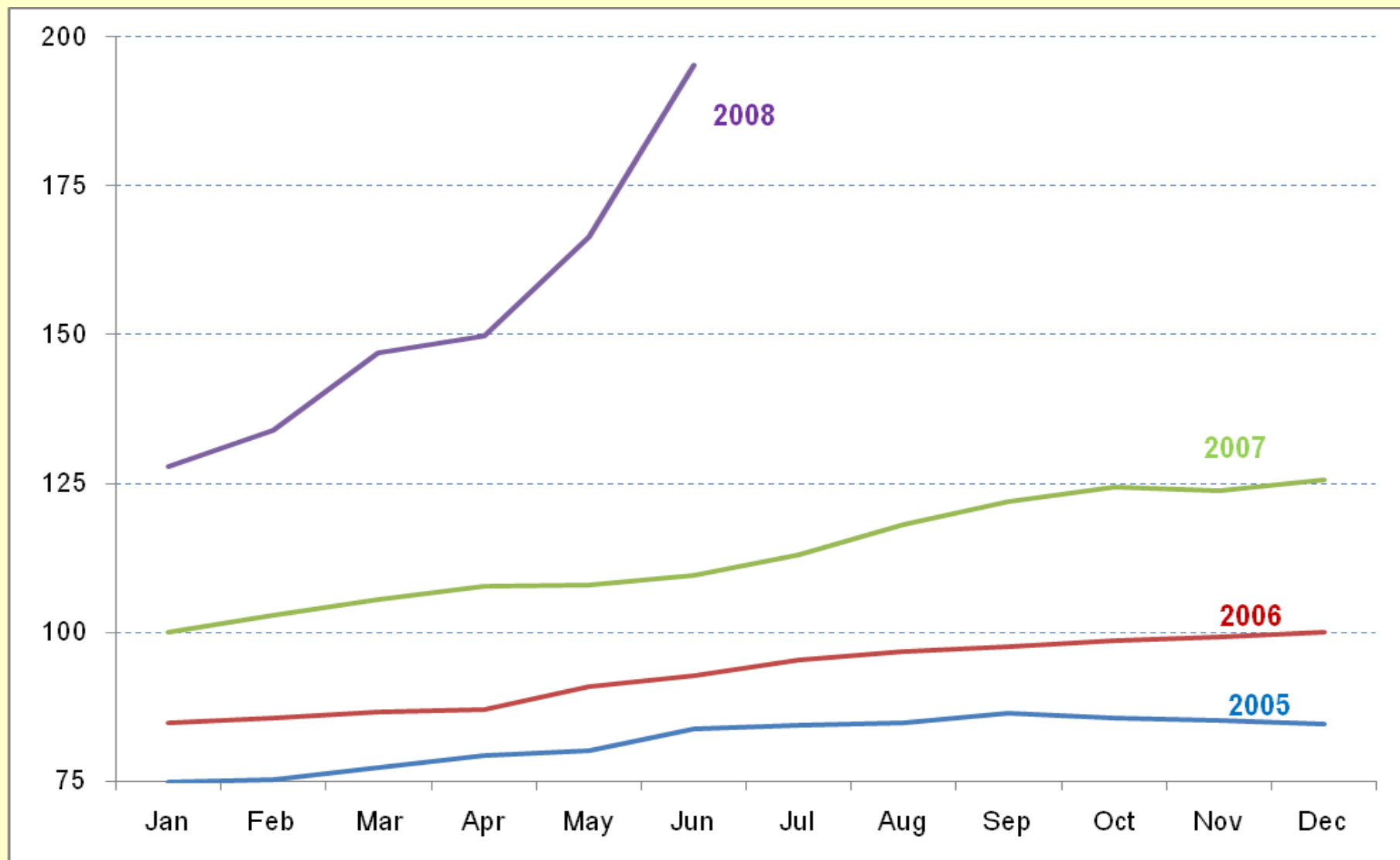**Lesotho (CFTPP)**

Swaziland (EDR)

Seasonal transfers dampen self–reported seasonal hunger in Ethiopia

The "double challenge": Seasonality and high food prices in Ethiopia

Food price inflation in Ethiopia, 2005–2008

Food price inflation and PSNP cash transfers in Ethiopia, 2005–2008

2005: **PSNP cash transfer** **= 6 birr**
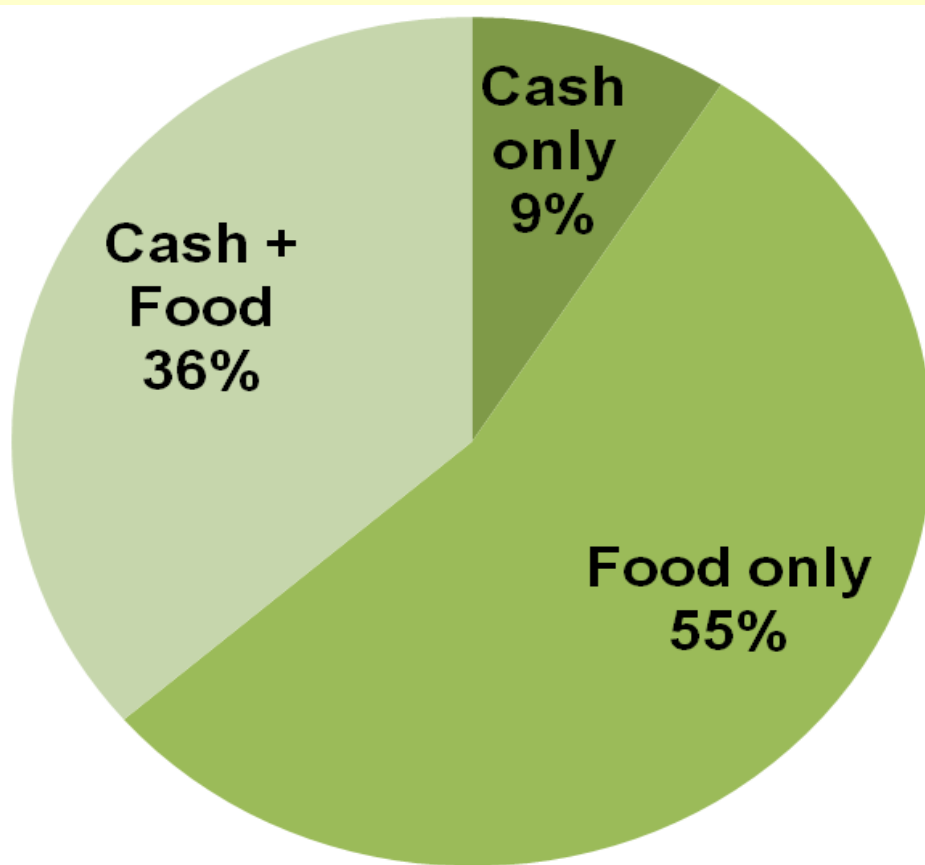
Average cereal price **= 2 birr**

PSNP purchasing power **= 3 kg**

2007: **PSNP cash transfer** **= 6 birr**

Average cereal price **= 3 birr**

PSNP purchasing power **= 2 kg**

2008: **PSNP cash transfer** **= 8 birr**

Average cereal price **= 4 birr**

PSNP purchasing power **= 2 kg** **[*April*]**

Return of the Cash *versus* Food Debate? Beneficiary preferences, PSNP Ethiopia

2006

2008

2006:
- Cash only 9%
- Cash + Food 36%
- Food only 55%
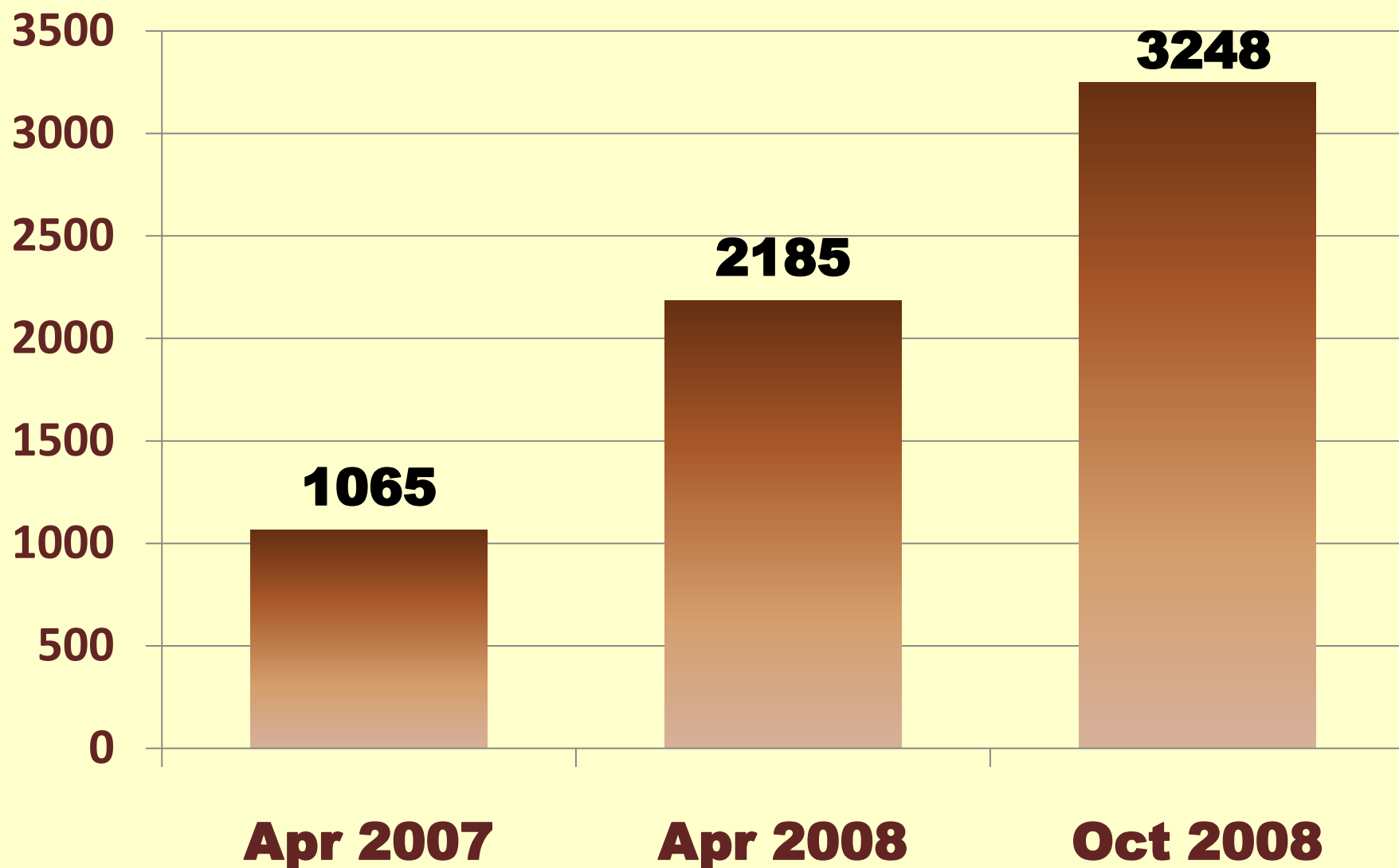
2008:
- Cash + Food 13%
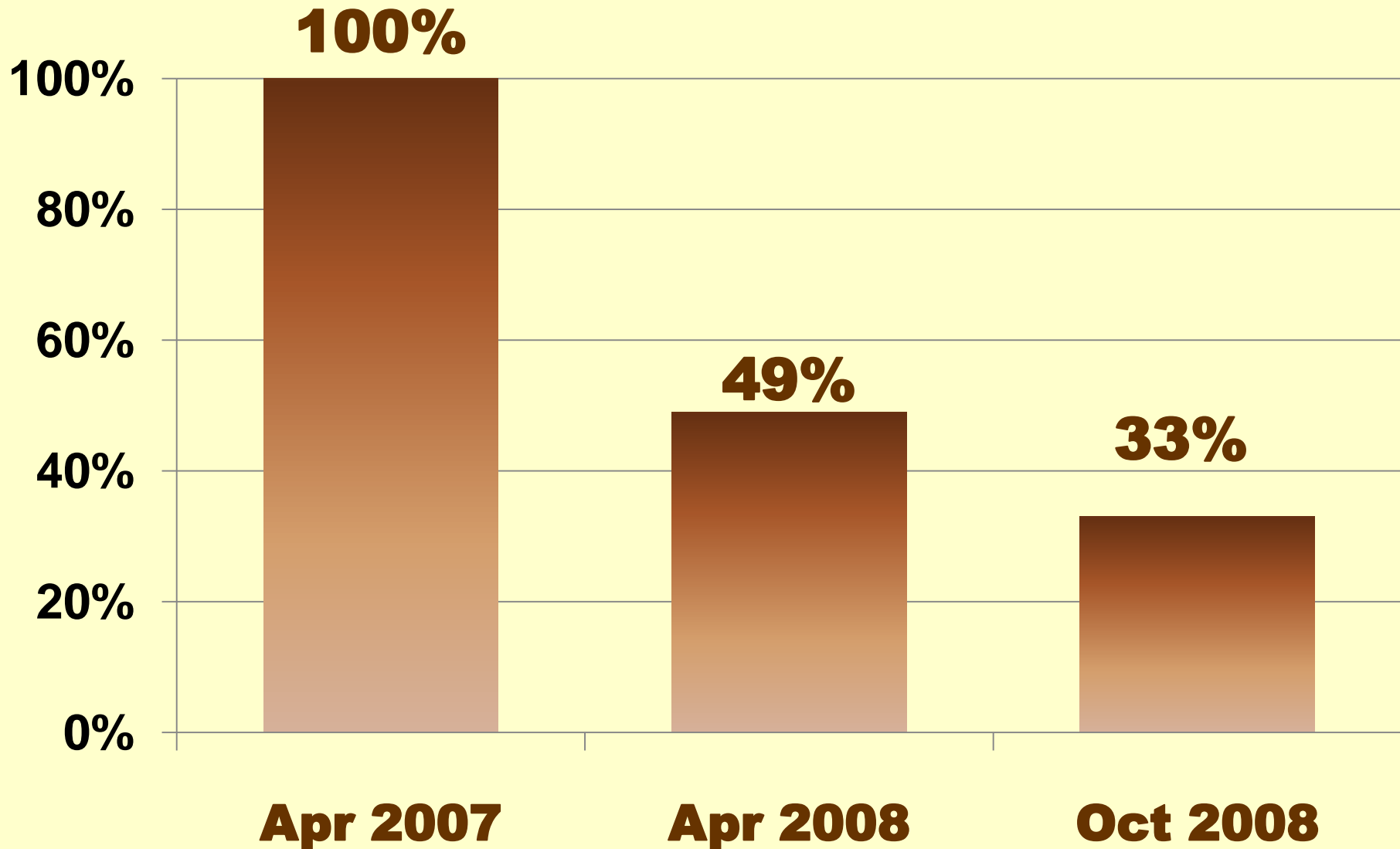- Cash only 3%
- Food only 84%
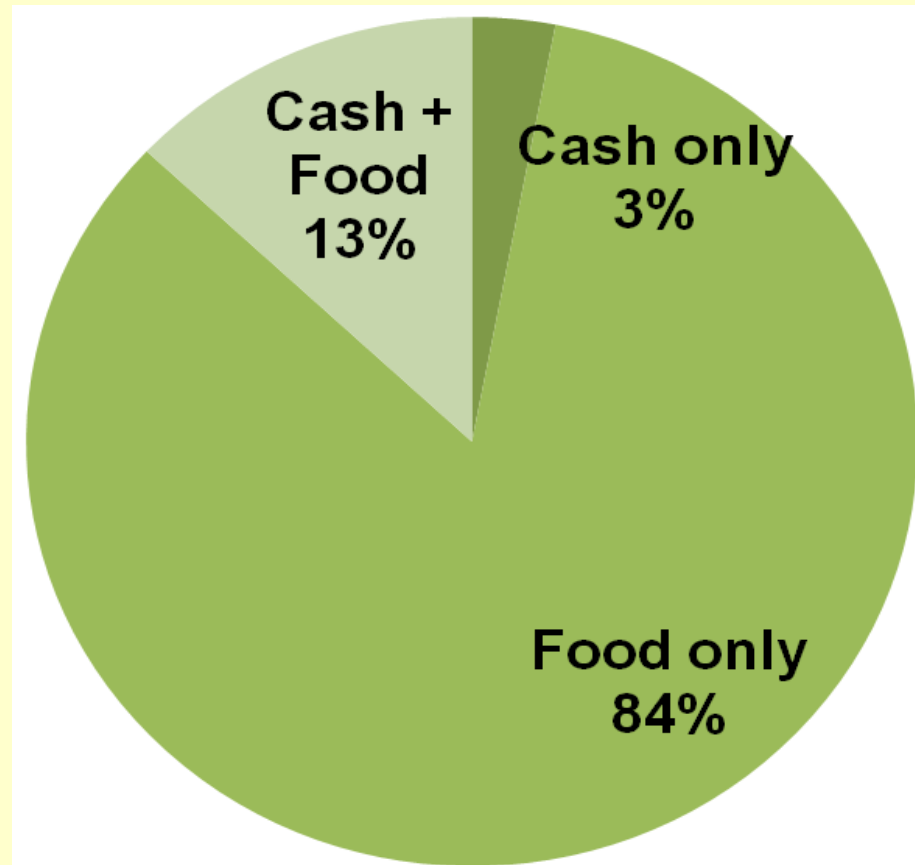
Cost of HSNP food basket, Turkana, Kenya

Percentage of food basket covered by HSNP cash transfer, Turkana, Kenya

How to insure the poor against price rises:

(1) Abandon cash transfers, revert to food

Productive Safety Net Programme (Ethiopia)

8.3 million recipients of cash and/or food transfers.

1.3 million switched from cash back to food in 2006.

	January 2006	July 2006
Cash:	4.45 million (54%)	3.13 million (38%)
Food:	3.84 million (46%)	5.16 million (62%)

How to insure the poor against price rises:
(2) Deliver both cash and food

Malawi (FACT)
Lesotho (CFTPP)
Swaziland (EDR):

50% food ration food +
50% cash equivalent

Ethiopia (PSNP):

3 months cash early in the season when food prices are low +

3 months food later in the season when food prices are high

How to insure the poor against price rises:

(3) Index–link cash transfers to food prices

FACT in Malawi, 2006