

# **Seasonality and High Food Prices: A double challenge**

*Launch seminar ~ “Seasons of Hunger”*

**16 October 2008**

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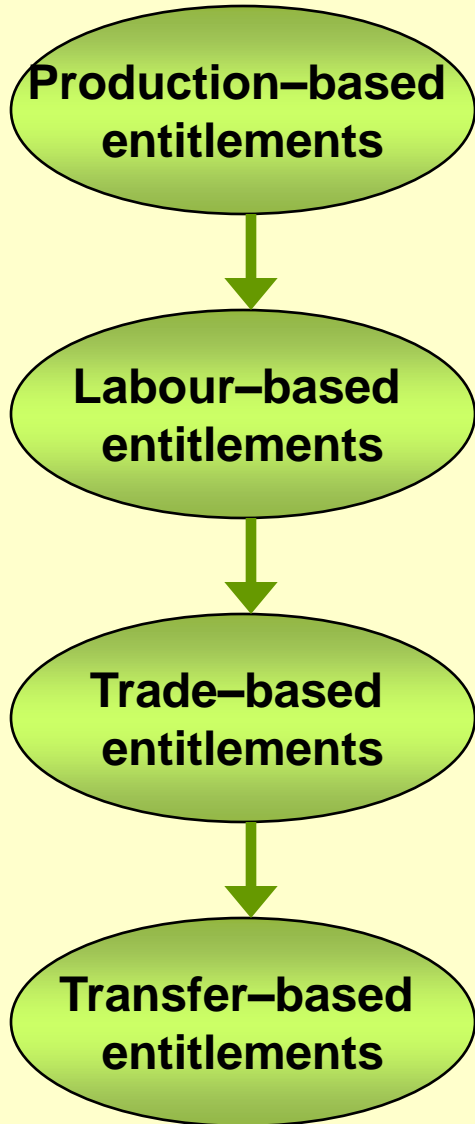


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# Policy responses to seasonal hunger



➤ **Input subsidies**

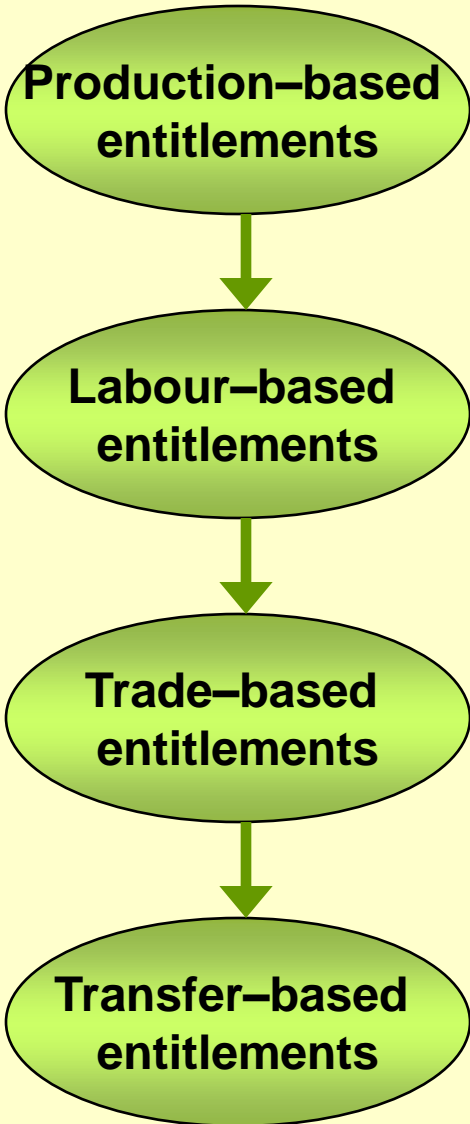
➤ **Food-for-work**

➤ **Pan-seasonal pricing**

➤ **Food price subsidies**

➤ **Food aid**

1980s ⇒ 2000s



➤ Abolition ⇒ revival of Input subsidies

➤ Public works ⇒ Employment guarantee

➤ Abolition ⇒ revival of Food subsidies

➤ 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)**



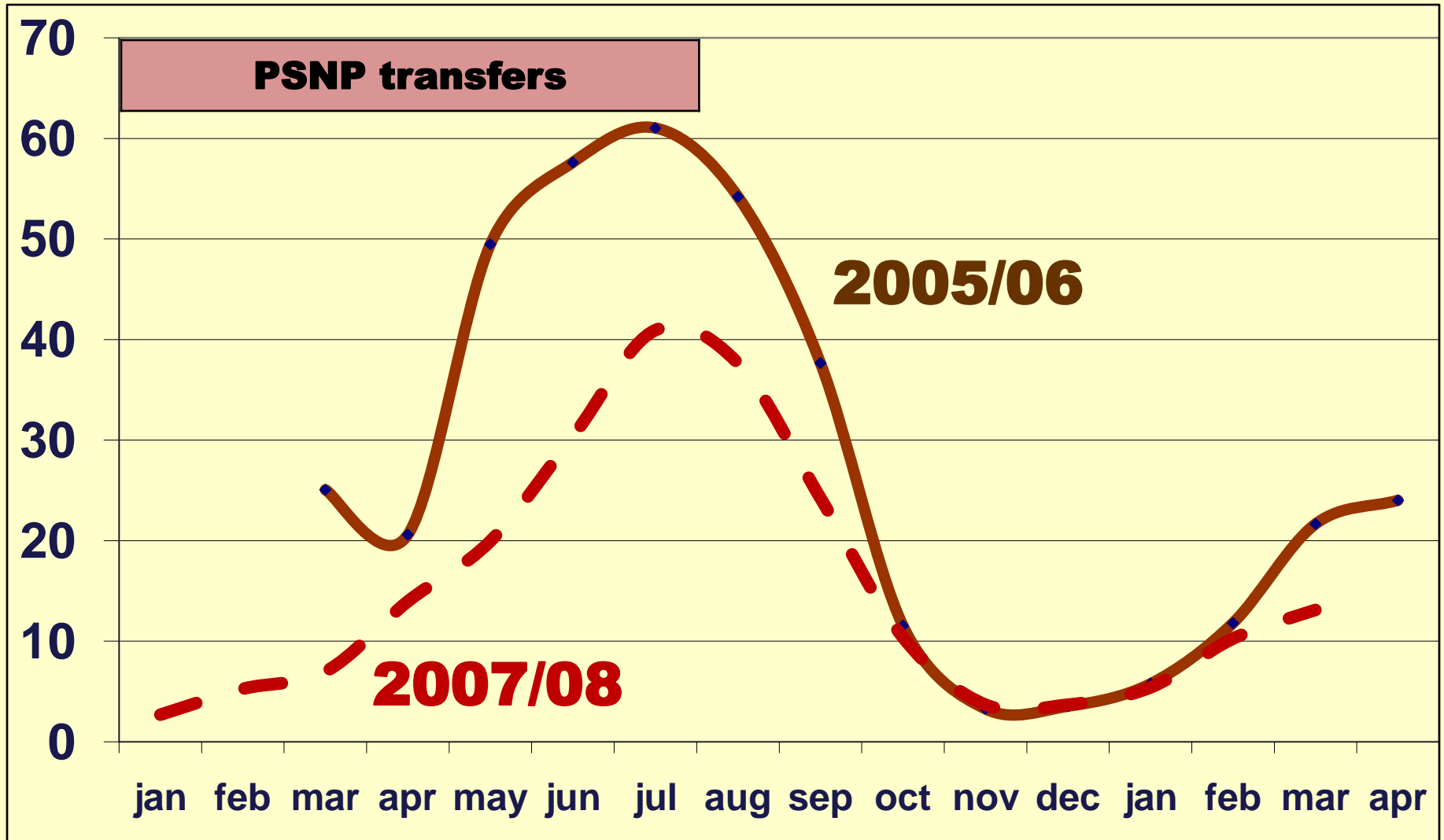
**Lesotho (CFTPP)**



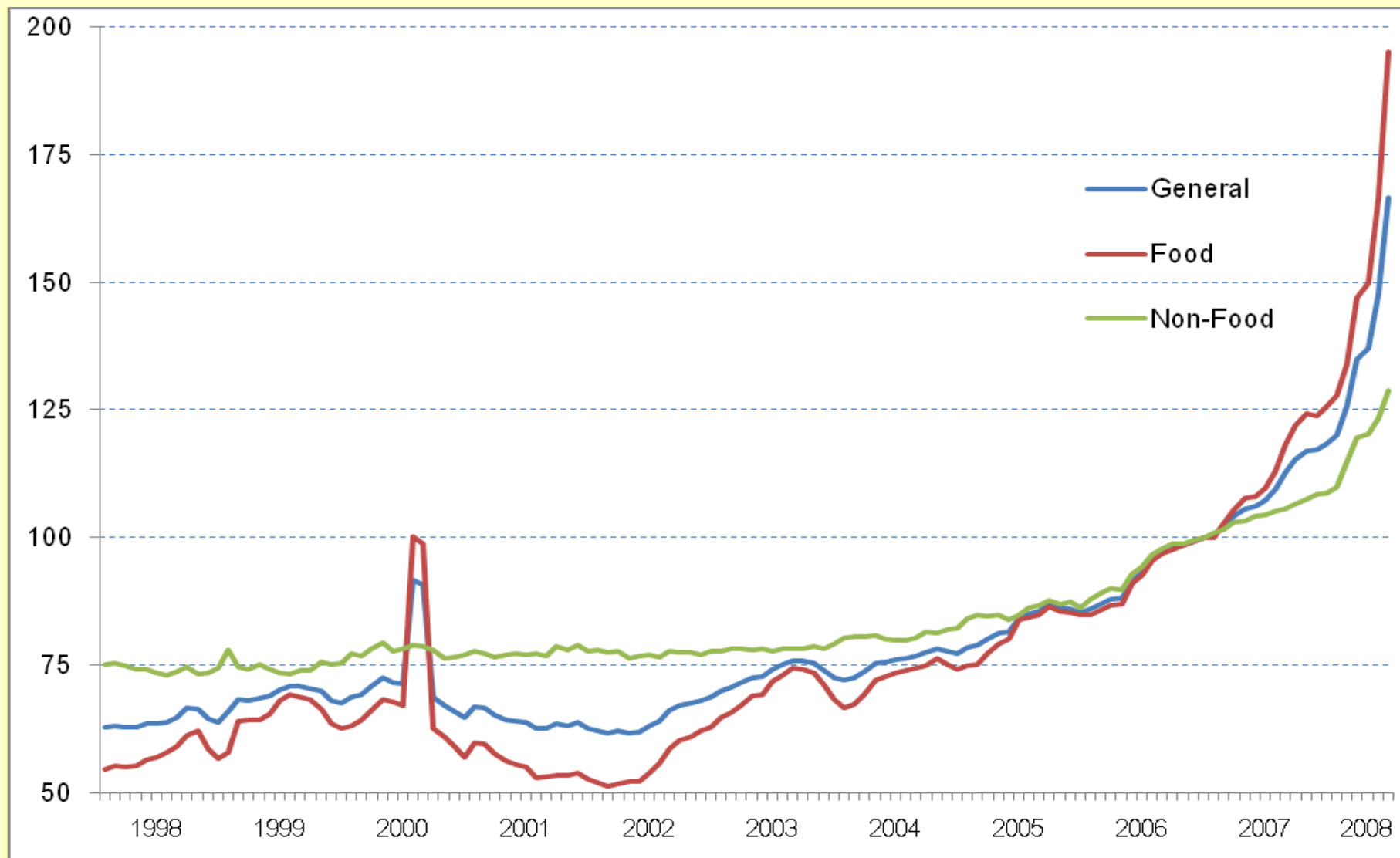
**Swaziland (EDR)**



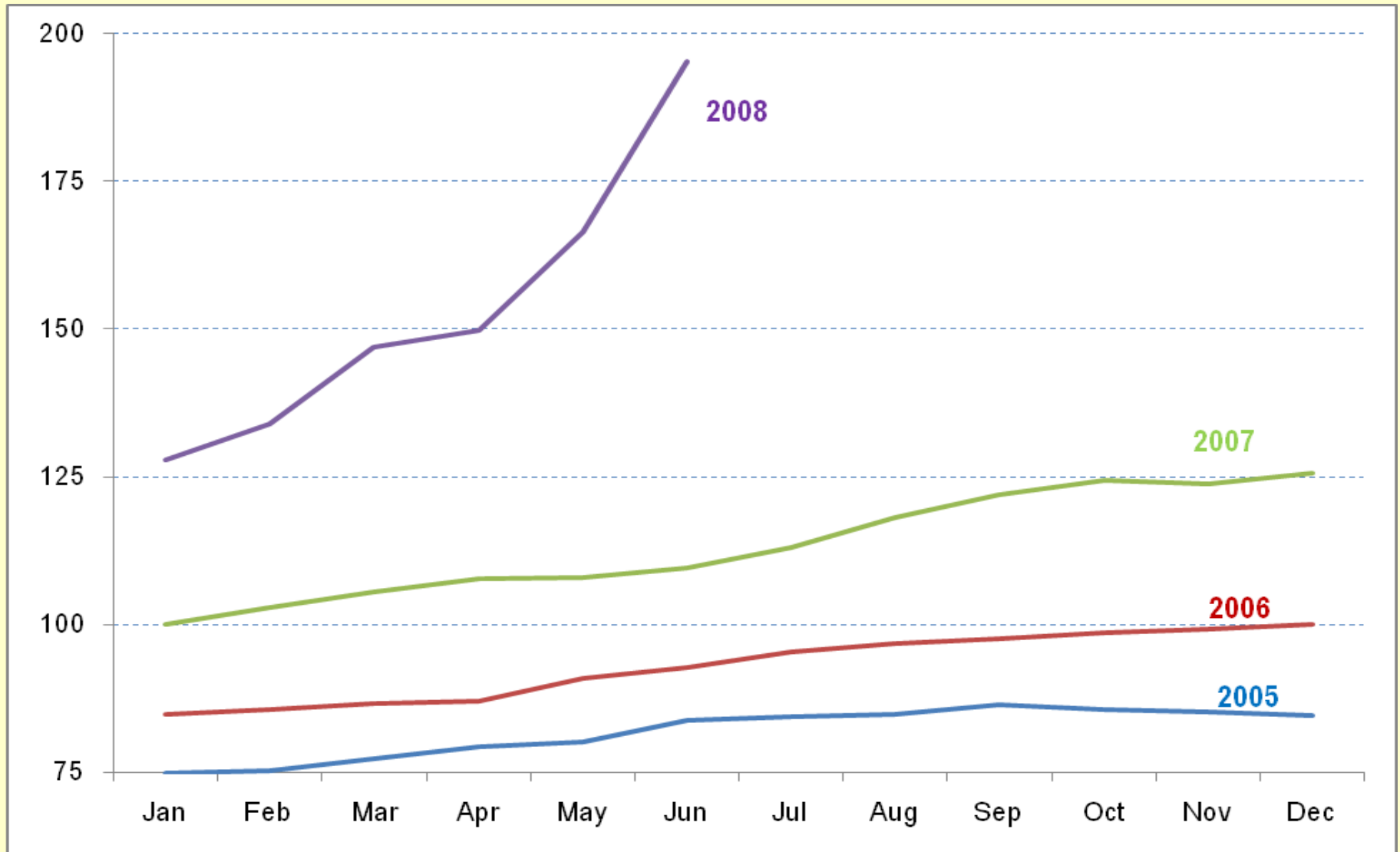
# Seasonal transfers dampen self-reported seasonal hunger in Ethiopia



# 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

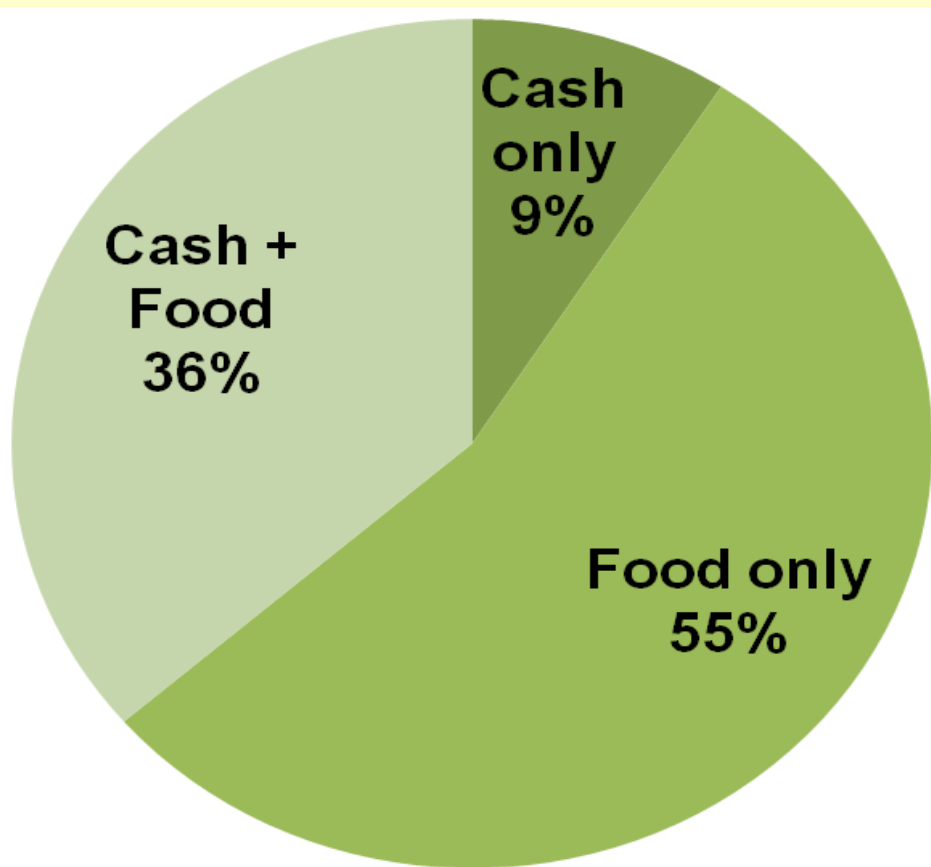
**2007:** PSNP cash transfer = 6 birr  
Average cereal price = 3 birr  
PSNP purchasing power = 2 kg

**2008:** PSNP cash transfer = 8 birr  
Average cereal price = 4 birr  
PSNP purchasing power = 2 kg [April]

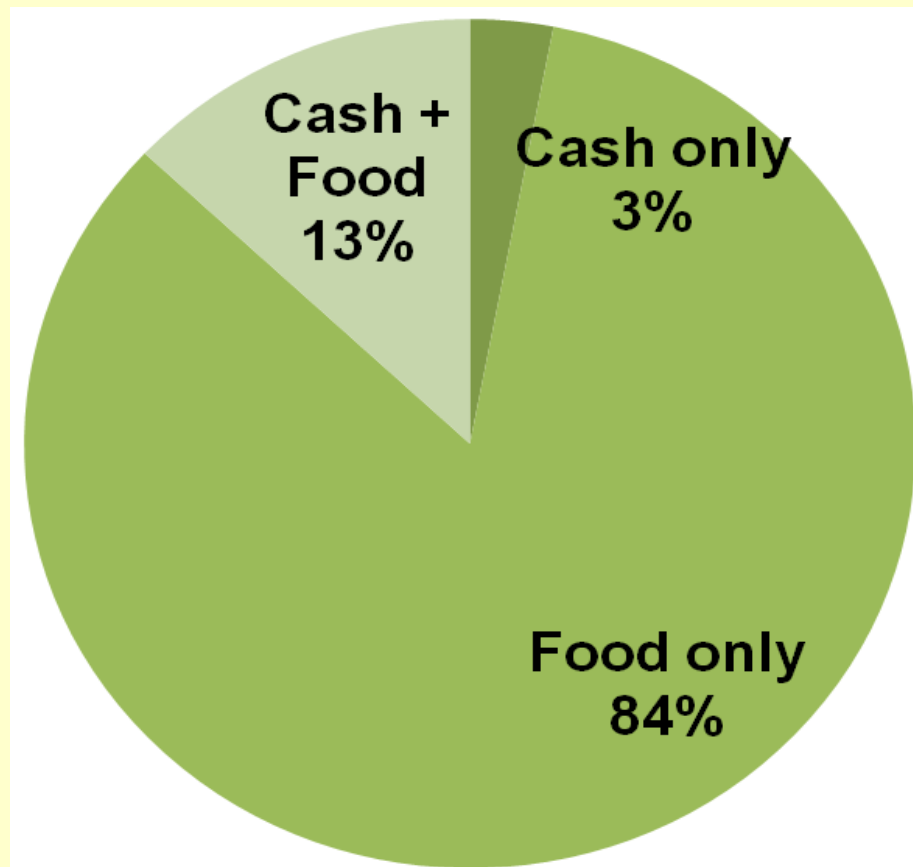


# Return of the Cash *versus* Food Debate? Beneficiary preferences, PSNP Ethiopia

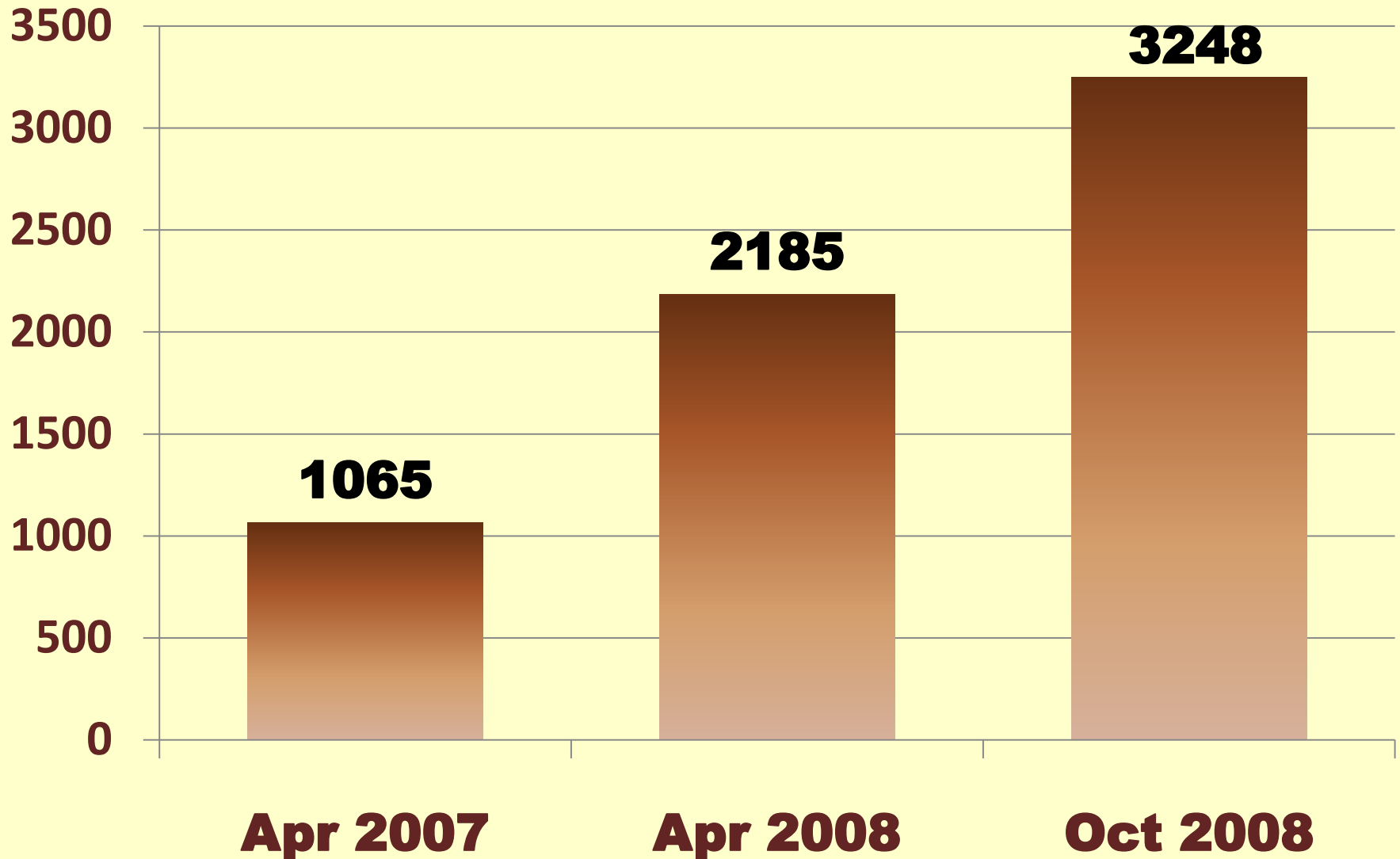
**2006**



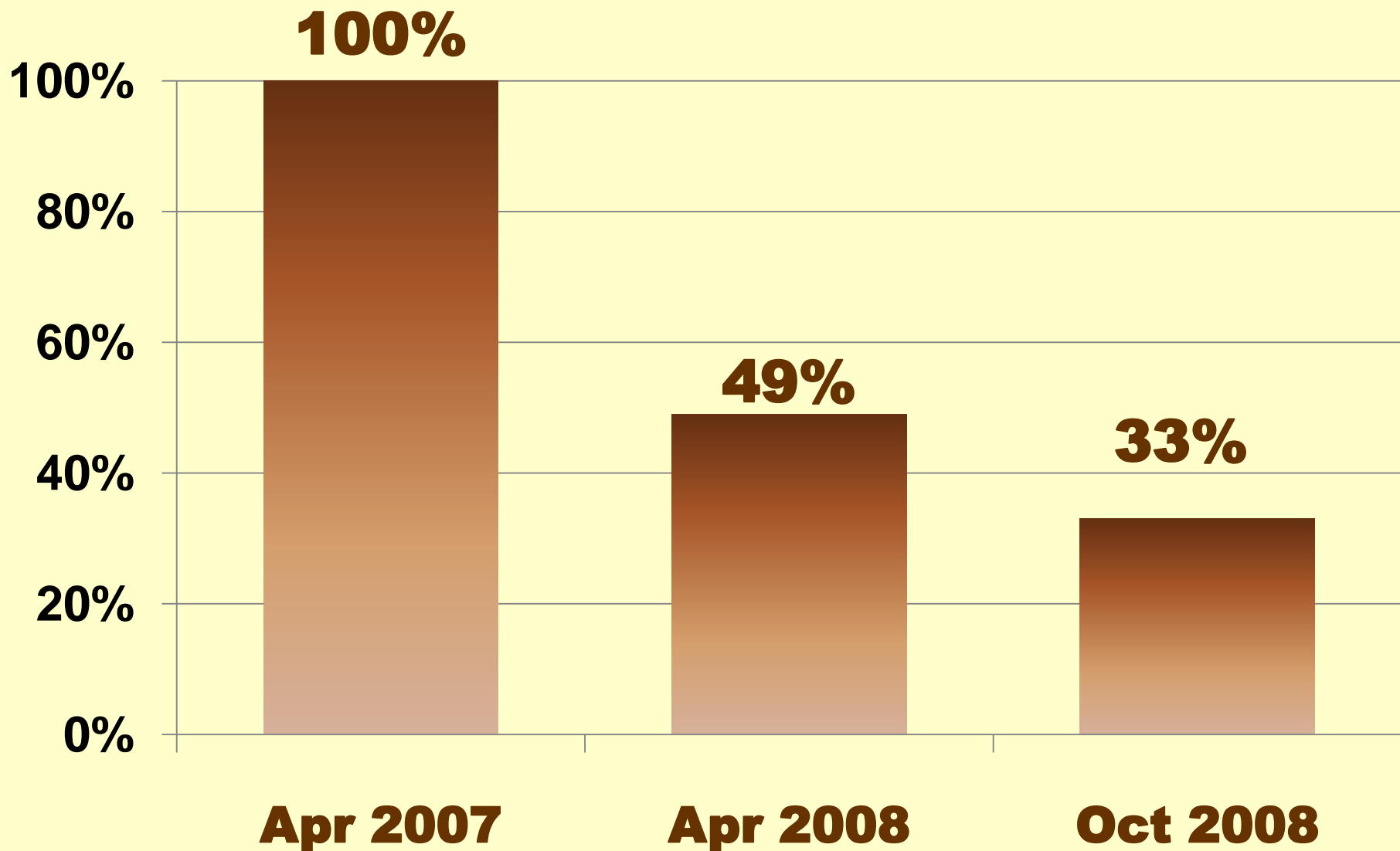
**2008**



# 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.

	<u>January 2006</u>	<u>July 2006</u>
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)**

50% food ration food +

**Lesotho (CFTPP)**

50% cash equivalent

**Swaziland (EDR):**

**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

