

Addressing Food Insecurity: Resource Transfers (Cash and/or Food) and Nutrition – Role of Markets/Response Analysis

**Partners in Health/Harvard University October 12,
2007**

Robert Bell

Director Food Resource Coordination Team



Causes of Food Insecurity

SOCIAL POSITIONS
(Improving Social Equity)

HUMAN CONDITIONS
(Improving Livelihood Security)

ENABLING ENVIRONMENT
(Improving Governance)

Underlying Causes

- Social Disintegration
- Ethnic & Social Discrimination
- Cultural Habits (FEWs Net 2003)
- Population Growth/Explosion (USAID 1994, FAO (ND), FEWs, IDHP 2000)
- Inequitable Distribution Wealth (IHDP 2000)
- Uneven distribution of income (SARPN 2005)
- Social conflict & mistrust (IFPRI 2002)

- Natural Hazards/ Climatic Shocks (all)
- Carrying Capacity (FAO nd)
- Uneven distribution of income (SARPN 2005)
- Epidemics & HIV/AIDs

- Poor Governance
- Lack of Legal Recourse
- Inadequate Representation
- Inadequate Provision Services & Creation of Public Goods
- Poor Economic Policy Environment (USAID 1994)
- Lack of Recognition of Human Rights
- Corruption
- Adverse Regulations
- Ineffective Institutions
- Lack of Accountability
- Conflict
- Predatory Extraction by Armed Forces
- Collapsed Terms of Trade
- Weak Regional Institutions & Donor Environment (USAID 1994)
- Inequitable Distribution Wealth (IHDP 2000)
- Agricultural & pricing policies (IFPRI 2002)
- Political Instability
- Land Reform (IFPRI 2002)
- Urbanization; uneven rural urban development (SARPN 2005)

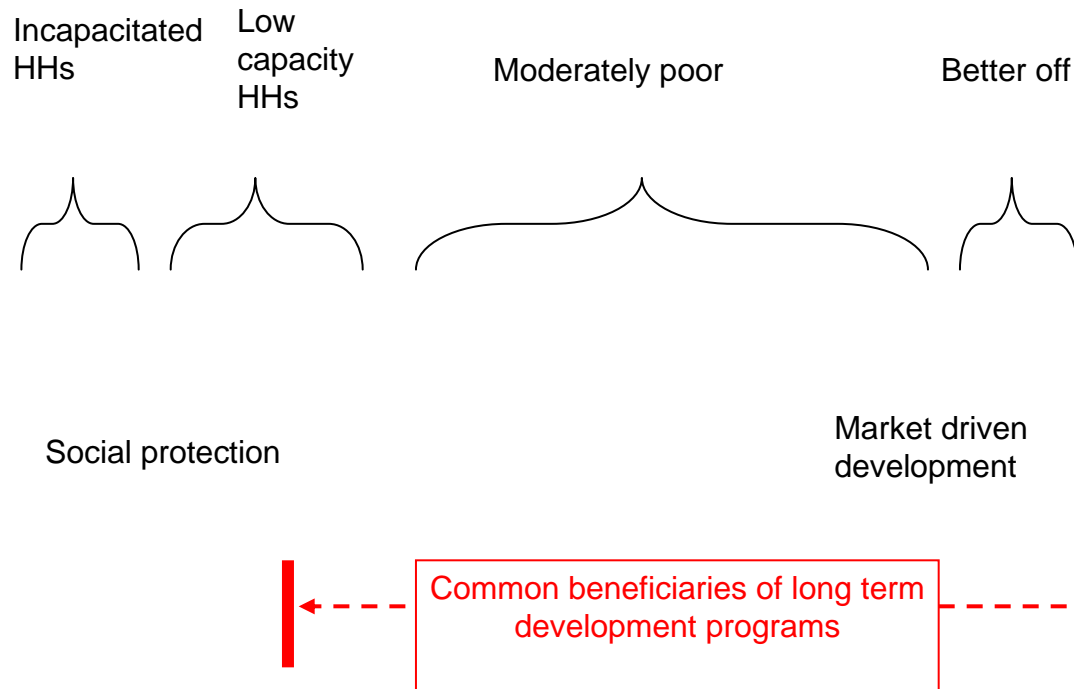
Intermediate Causes

Unrecognized role of women producers (SARPN 2005)

- Asset Depletion
- Income Fluctuation
- Savings Depletion
- Lack Access Services (IFPRI 2002)
- Information Asymmetry
- Employment Insecurity
- Widespread Unattended Malnutrition
- High Transaction Costs
- Limited Off-Farm Labor Opportunities (FEWs 2003)
- Depletion & Degradation of Natural Resources (IHDP 2000)
- Yield Volatility

- Price Volatility
- Inflation
- Natural Resource Mining & Degradation
- Crime
- Neglect of Natural Hazard Mitigation
- Poor & Inadequate Health & Education Facilities (FEWs 2003)

A Lens for Targeting Households



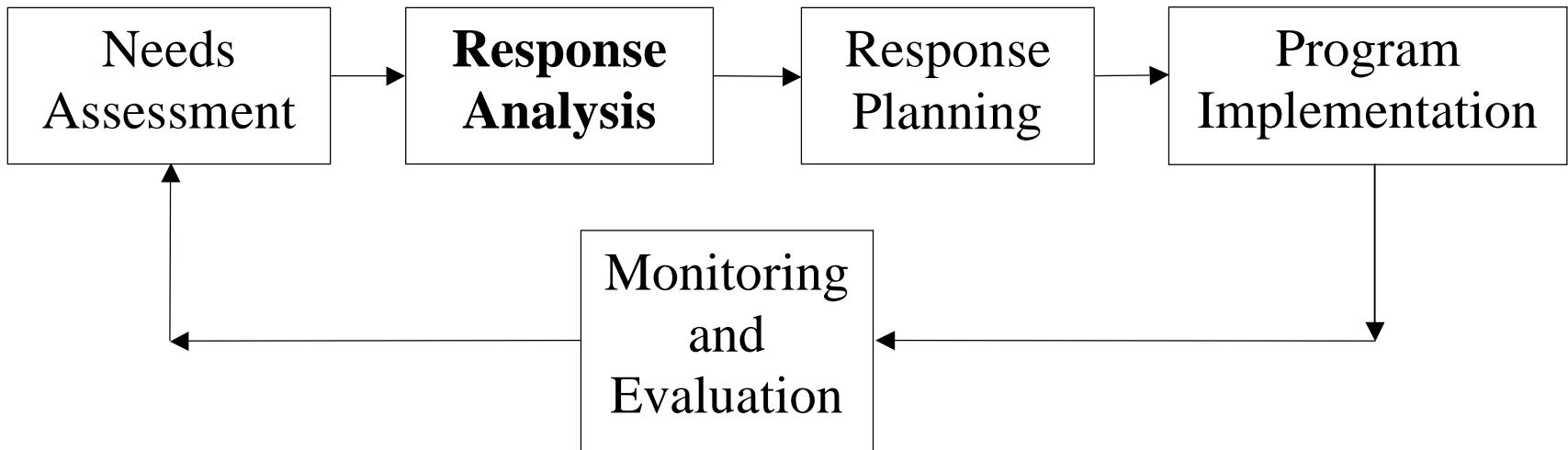
Resource Transfers and Why the Form of Transfer Matters

- Getting the form of transfer right helps livelihoods...
 - If the form of transfer is not ideal, losses result from “converting” the transfer to what is needed
 - Decreases the efficacy of the intervention
- ... and minimizes harm to markets
 - Impact on markets depends on:
 - Total amount distributed
 - Targeting efficacy
 - Seasonality
 - Type of transfer
 - Functioning of local market and its relative “openness”

Why Response Analysis Matters

- Response analysis is situated within the programming cycle
 - Distinct step between assessing needs and developing a response
 - Links information with response
 - Is there need?
 - If so, what is the most appropriate form of transfer?
 - » To answer this, necessary to assess markets
 - Evaluate the best means of response – inform scenario planning

Situating Response Analysis within the Programming Cycle



Decision Tree Framework



1. Are Local Food Markets Functioning Well?

Yes → Provide cash transfers or jobs to targeted recipients, not food aid.

No
↓

2. Is There Sufficient Food Available Nearby To Fill The Gap?

Yes → Provide food aid based on local purchases/ triangular transactions.

No → Provide food aid based on transoceanic shipments.

Comparing Cash and In-kind Food Transfers: Market Concerns

Food Transfers generally recommended when:

- Markets do not function well
- Markets are distant, or during the lean season
- Inflationary risks are a significant concern
- Markets limitations for supplying micronutrients, fortified foods

Cash Transfers generally recommended when:

- Markets function well
- Markets are nearby, or during the peak, post-harvest season
 - Production disincentives due to food aid delivery are a significant concern
- Markets can supply fortified, micronutrient foods

Methodological Choices – The How, Management Decisions

- There are different ways to answer questions -
Best methodology will depend on a number of factors:
 - Data availability (includes identification of protein/calorie as well as micro-nutrient, fortified foods)
 - Timeframe
 - Capacity – collect/analyze
 - Market Contexts
 - Budget
- Each question also has management implications