

Markets, Food Aid, and Poverty in Emergency Response: Learning from the 2002/03 Crisis in Southern Africa

David Tschirley

*Presented at "Health and Wealth: Linking Policy Developments to
Economic Livelihoods in East and Southern Africa"*

Society for International Development

16 May 2007

Roadmap

- Markets and the poor (illustrated by Zambia)
- Food aid and the poor (illustrated by Zambia)
- The 2002/03 crisis in Southern Africa
 - Background
 - Food aid
 - Commercial trade
 - Government policy
- MSU as a change agent
 - How we put our research to work

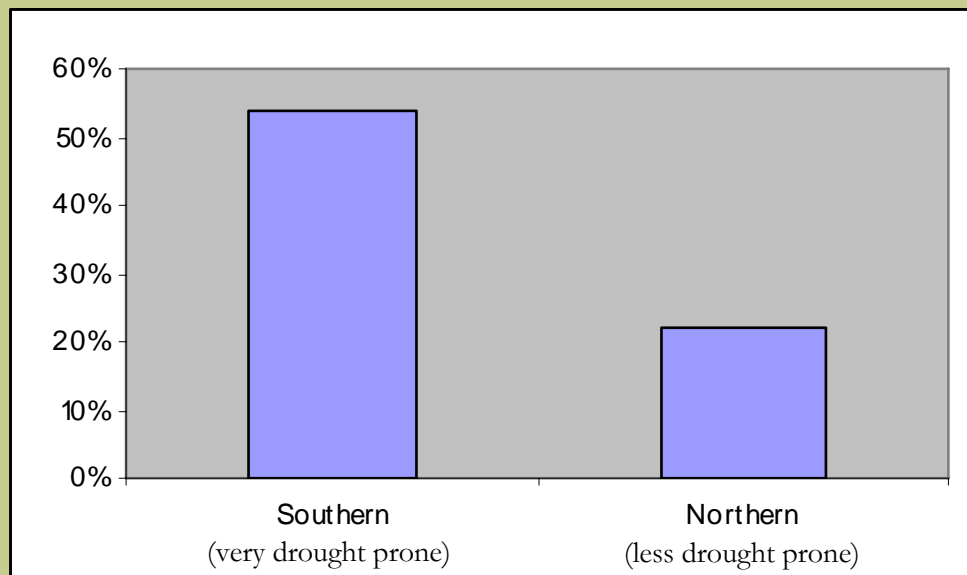
Summary

- Households living in drought prone areas are most reliant on food markets
- Within these provinces, poorest are the most reliant on markets
- This pattern holds-up nationally
 - And the poor spend much higher share of income on food
- Poor HHs often no more likely than others to receive food aid
- So market performance during emergencies is especially important for the most vulnerable hhs
- Yet government policy and emergency response often undermine market performance

Markets and the Poor

- Households living in drought prone areas are most reliant on food markets for purchases

Percent Net Buyers of Maize in Two Provinces of Zambia, 2004

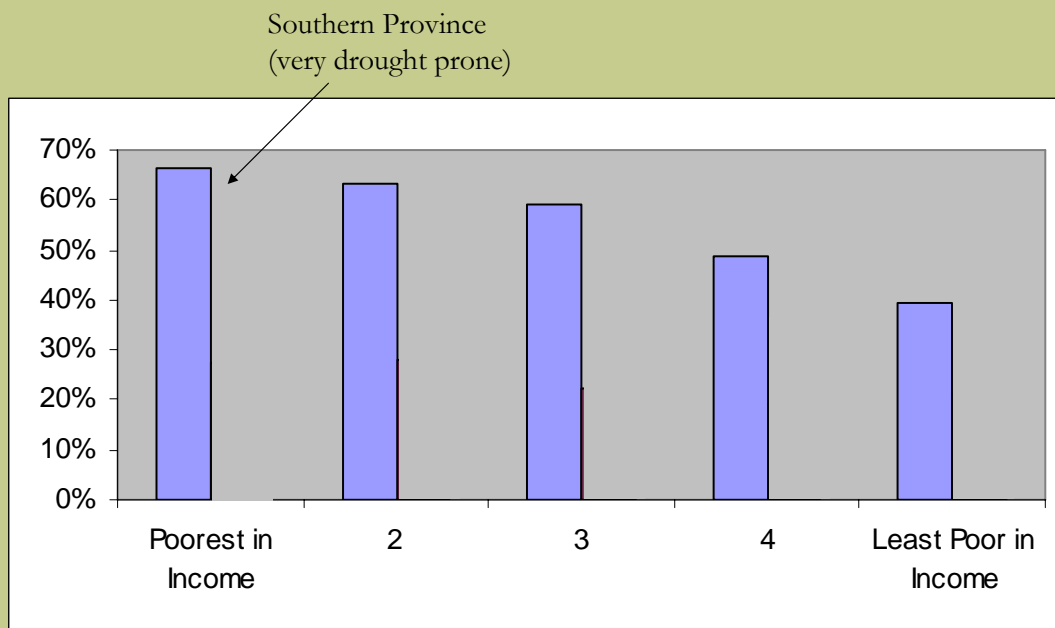


Source: MSU/MACO Supplemental Survey, Zambia, 2004

Markets and the Poor (2)

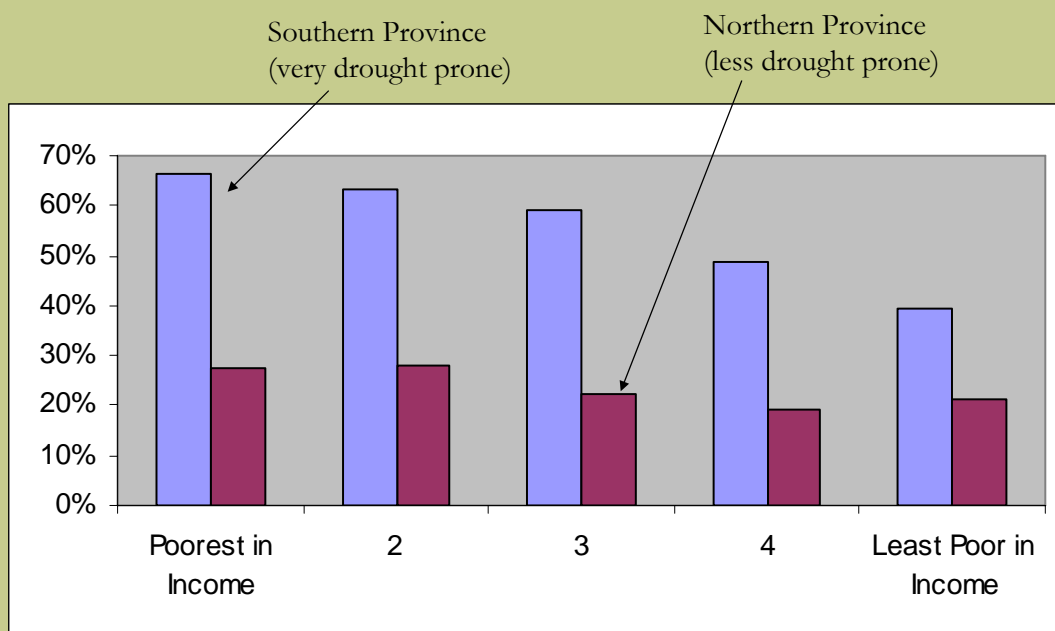
- Within these provinces, the poorest are the most reliant on food purchases

Percent Net Buyers of Maize in Two Provinces of Zambia, by Quintile of Income per capita, 2004



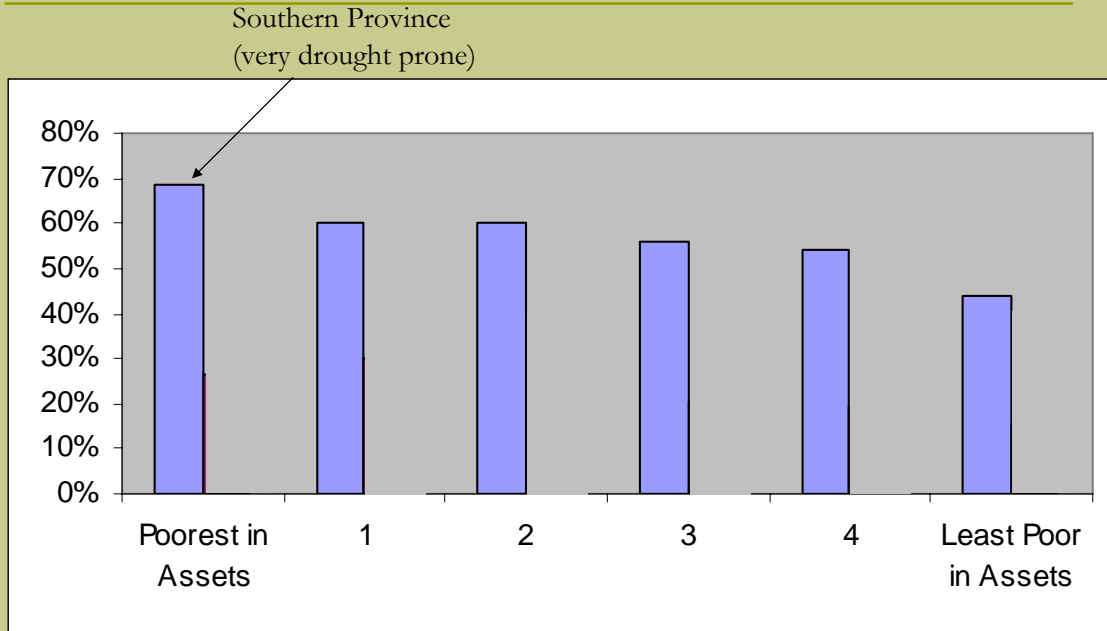
Source: MSU/MACO Supplemental Survey, Zambia, 2004

Percent Net Buyers of Maize in Two Provinces of Zambia, by Quintile of Income per capita, 2004



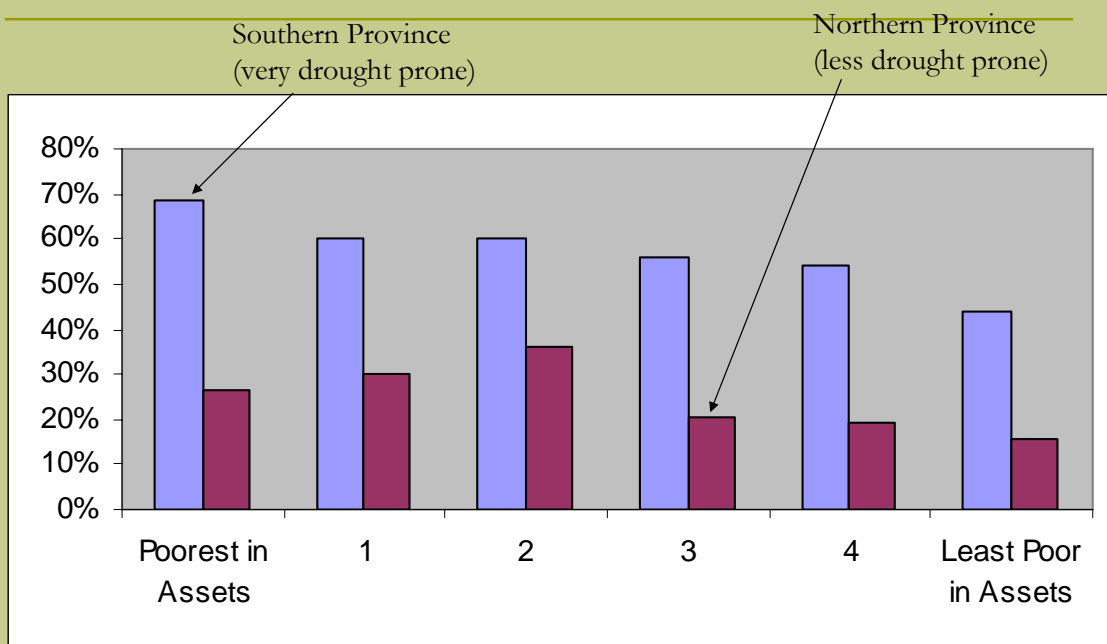
Source: MSU/MACO Supplemental Survey, Zambia, 2004

Percent Net Buyers of Maize in Two Provinces of Zambia, by Quintile of Assets per capita, 2004



Source: MSU/MACO Supplemental Survey, Zambia, 2004

Percent Net Buyers of Maize in Two Provinces of Zambia, by Quintile of Assets per capita, 2004

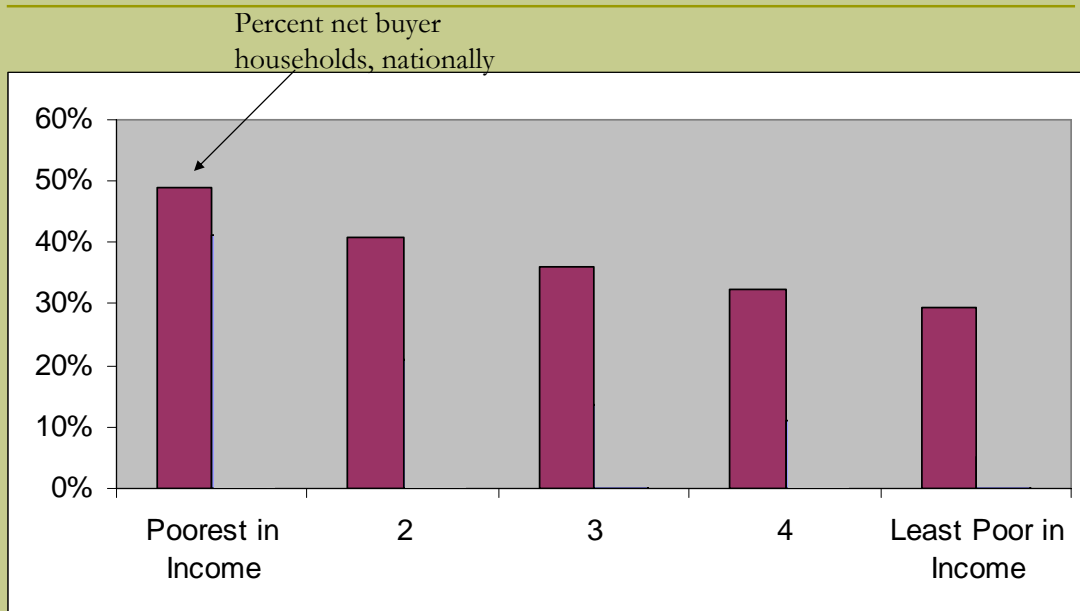


Source: MSU/MACO Supplemental Survey, Zambia, 2004

Markets and the Poor (3)

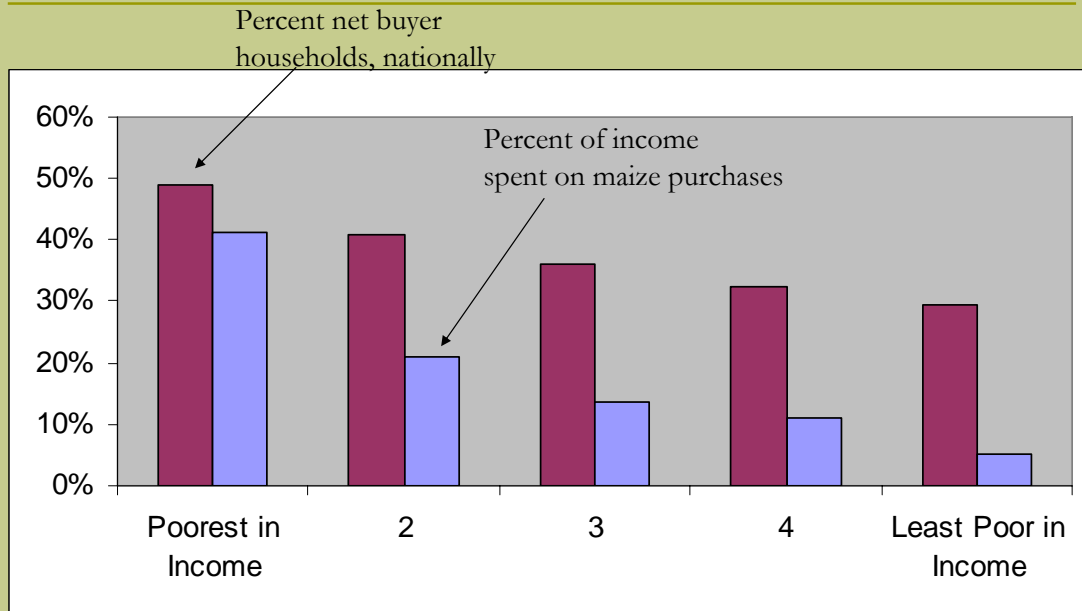
- This pattern holds-up nationally even when adjusted for geographical factors
 - And the poor spend a much higher share of their income on food staples

Percent Net Buyers of Maize Nationally in Zambia, by Quintile of Income per capita, 2004



Source: MSU/MACO Supplemental Survey, Zambia, 2004

Percent Net Buyers of Maize Nationally in Zambia, by Quintile of Income per capita, 2004

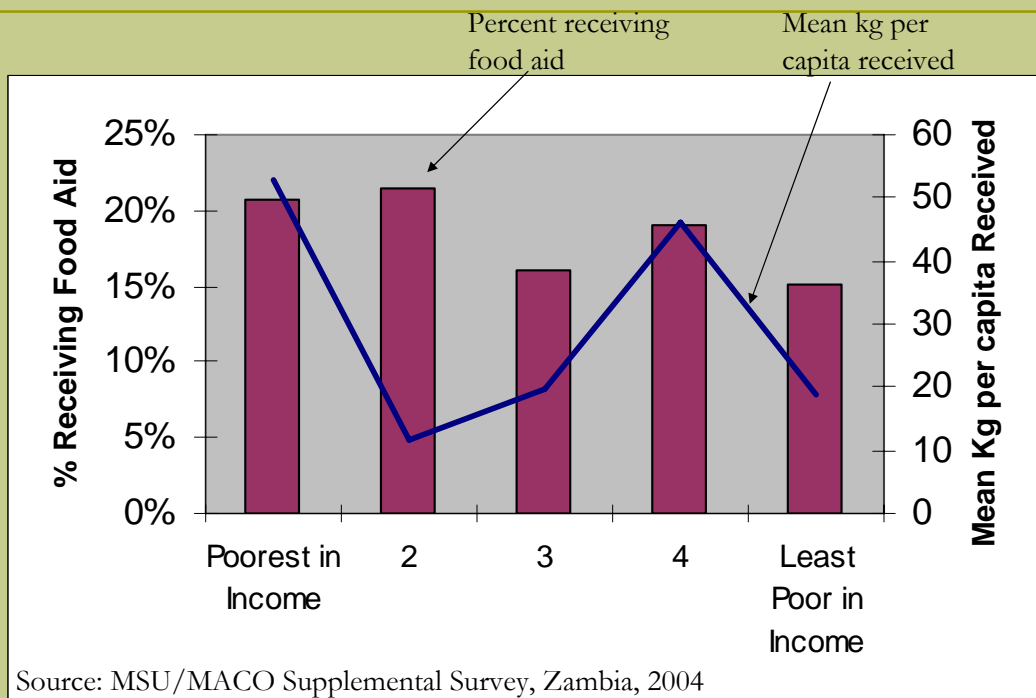


Source: MSU/MACO Supplemental Survey, Zambia, 2004

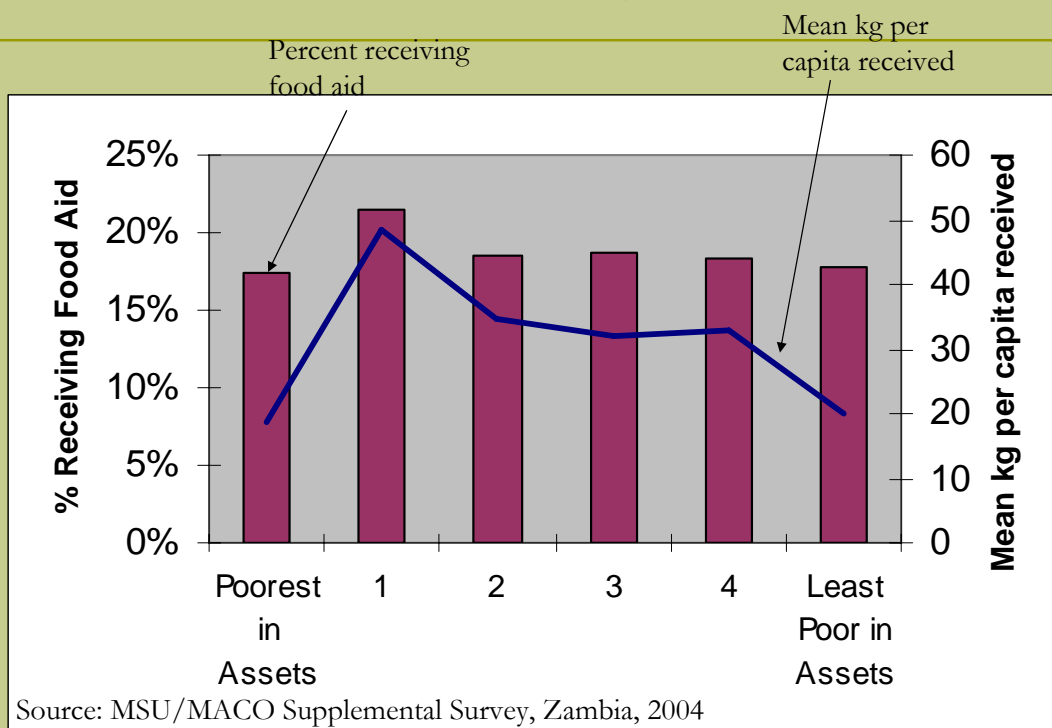
Food Aid and the Poor

- In Zambia in 2004, poor HHs were no more likely than other hhs to receive food aid
 - And they didn't necessarily receive more per capita than other hhs

Percent of HHs Receiving Food Aid and Mean Quantities Received in Zambia, 2004, by Quintile of Income



Percent of HHs Receiving Food Aid and Mean Quantities Received in Zambia, 2004, by Quintile of Assets



Food aid, markets, and the poor

- So market performance during emergencies is especially important for those hhs most likely to be seriously adversely affected by the emergency
 - More dependent on markets under normal circumstances
 - Don't necessarily receive more food aid during crises
- Efficient markets save lives directly and indirectly during such crises
 - Directly by getting food at affordable prices to people who need it and have effective demand
 - Indirectly by allowing emergency response budgets to go further

Food aid, markets, and the poor (2)

- Unfortunately, government policy and emergency response practices often disrupt markets during crises

The 2002/03 Crisis: Background

- Production in 2002 was only slightly below average
 - Pockets were badly affected, not whole region
- Widely understood that crisis caused by slightly low production plus:
 - Low initial stocks
 - Governance failures in Zimbabwe
 - Poverty exacerbated by HIV/AIDS

2002/03: The Food Aid Response

- By 31 March 2003
 - 77% of the food aid appeal had been “committed” by international community
 - Less than this had reached beneficiaries
 - Yet response had been sufficient to avoid “humanitarian crisis and potential famine”
 - Early warning systems worked!
 - But clear over-estimates of food aid needs

2002/03: Commercial Trade

- About 75% of official inflow in response to crisis was commercial trade
- In addition, at least 200,000 MT informal imports to Malawi from N. Mozambique
- This response could have been even larger

2002/03: Government Policy

- Malawian Government underestimated private sector's role
 - Government handled commercial imports and mobilized food aid, which arrived late
 - Ignored informal imports, which arrived early
 - As much as 250,000 MT arrived under Government programs
 - Too much maize in the country
 - Extremely low prices throughout 2003/04
 - Government unable to sell very large stocks except at very low prices

2002/03: Government Policy (2)

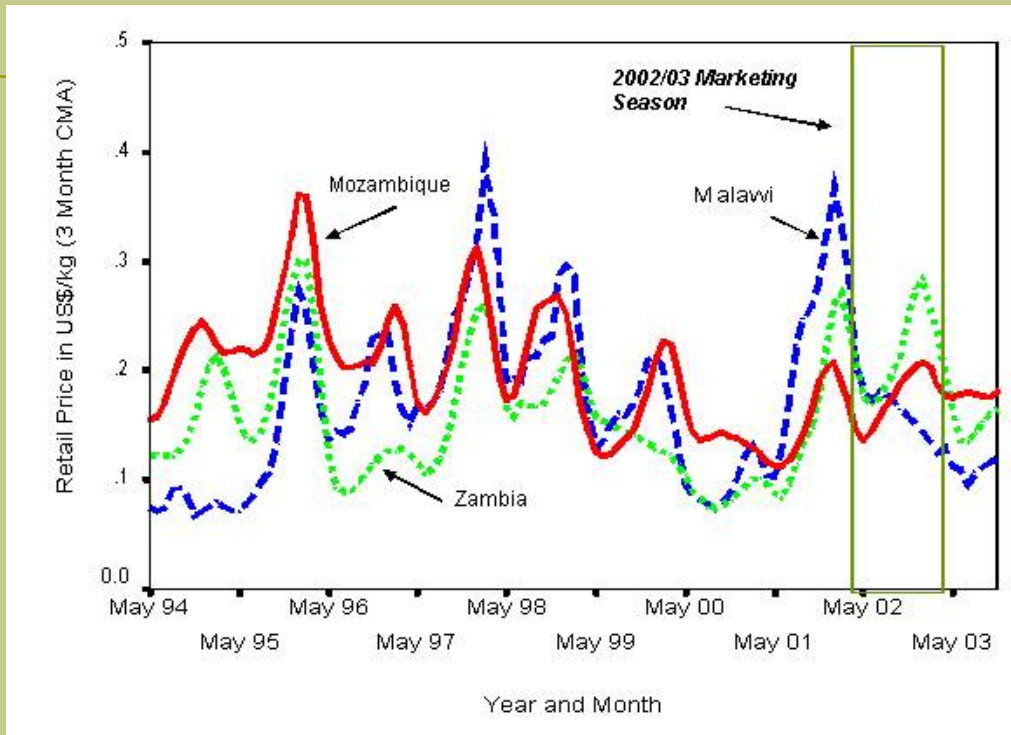
□ Zambia

- Uncertainty about government actions often causes private traders to hold off importing despite apparent profit opportunities
 - Maize prices much higher than they should have been leading up to 2002/03 season
 - In 2002/03, private sector was able to play larger role despite confusing government statements
- Channeling of government imports through large scale milling sector
 - Reduces availability of grain for low-cost processing in hammer mills

2002/03: Government Policy (3)

□ Mozambique

- Stands out for its sustained open borders policy
- And stable prices



MSU as a Change Agent

- Supporting ag market information in Mozambique and Zambia (also Mali)
 - Building applied analysis and policy outreach on top of this
- Major role helping Mozambican policy makers keep their borders open during crises
- Major input into agricultural marketing legislation (and other legislation) in Zambia

MSU as a Change Agent (2)

- Research with FFP and WFP on better approaches to emergency response
 - Local and regional procurement
 - When and why to use cash based approaches instead of in-kind food aid
 - How to minimize negative effects of food aid on markets
- Outreach with stakeholders in Washington and Rome

MSU as a Change Agent (3)

- A long-term commitment to
 - Collaborative, applied research
 - Building human capacity
 - Building institutional capacity
 - Building trust and reputation in the country to gain access to policy makers
 - Progressively increasing the role of local analysts
- Do this with dedicated in-country teams and active backstopping from campus