



Monitoring global and national food price crises



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ABSTRACT

This paper develops, calibrates, and runs a new food price crisis monitoring framework. The proposed framework has an integrated approach to capture global and national vulnerabilities and offers an alternative to existing food insecurity information systems, which suffer from a lack of consensus on the definition of “food crisis.” The framework successfully identifies the recent episodes of food price crises in 2008, 2011, and 2012. This paper also recommends ways in which the framework could be refined to increase country coverage and provide better information on country-level food inflation.

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Introduction

On September 24, 2011, the international community met in New York to pledge US\$218 million of new humanitarian aid to the Horn of Africa famine. This pledge came almost exactly a year after the Food Security and Nutrition Analysis Unit (FSNAU) of the Food and Agriculture Organization (FAO) reported that 2 million people are in need of emergency humanitarian assistance in the region. Twelve months later, and with an additional 10 million people in dire distress, the international community sprang into (concrete) action.

The hiatus between warning and action is all the more striking because a number of agencies, such as the FAO, the United States Agency for Information and Development (USAID) and the World Food Programme (WFP), among others, have been developing food security information systems for a long time, some dating back as far as the early 1970s. Humanitarian food crises and long-term food insecurity are old, recurrent and persistent phenomena, but late responses like the one seen in the Horn of Africa are not isolated events. In fact, for all food security crises that have taken place since 2005—in the Horn of Africa, West Africa, Niger, and

Guatemala—there was an alert issued at least six months in advance. Buchanan-Smith and Davies (in [Darcy and Hoffman \[2003, 31\]](#)) have gone further, and blame the slow and inadequate responses to “failures by donors, in particular, to respond to the available evidence.”

The literature on the timing of food insecurity responses points to a number of causes, from “poor understanding of the principles, inappropriately designed monitoring systems, operational inefficiencies in implementation” early on (Babu and Mthindi in [Babu and Pinstrup-Andersen \[1994, 218\]](#)) to the inability to differentiate between chronic and transitory food insecurity ([Devereux, 2006](#)); delayed dissemination of food security information, planning, and budgeting cycles of donors; disconnections among agencies’ coordination; and “inappropriate communication [...] and ambiguous ‘marketing’ language not supported by the assessment” ([Poulsen et al., 2009, 35](#)). This paper contributes to the literature in two ways. First, it complements the few previous assessments of food insecurity responses by focusing on one of the contributors of late international responses to food insecurity that has received relatively less attention: the ability of the international community to identify and anticipate an unfolding food crisis or, more specifically, a crisis generated by rising international food prices such as those observed in the last five years. This is not to argue that prices are the only factor driving food security crises. They are not. The multiple causes and manifestations of food insecurity crises include agriculture production, nutritional aspects, presence and functioning of markets, climate conditions, conflict, livelihoods

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assets and strategies, natural resources availability, and the presence of social safety nets and risk management schemes, among other drivers, not to mention the political, socioeconomic, civil, institutional, historical, and cultural macrolevel contexts and microlevel conditions relevant to individuals and families, such as, for example, gender interactions, intrahousehold allocations, or care practices (IPC, 2012). Yet, food prices arguably constitute a critical factor affecting food security in a global context, beyond the specific reasons and contexts within countries. In fact, Benson et al. (2008) emphasize the convening role of food prices to reflect demand and supply drivers, on the one hand, and the effects from policies and from what they call “conditioning factors” (such as, for example, trade market structures, infrastructure, households characteristics, or intrahousehold allocation) on the other. Second, this paper proposes a new framework that combines a domestic, country-specific context with price movements at the global level. The framework seeks to identify and, most importantly, assist governments and international development agencies in preparing responses to the eventual crisis typically caused by shocks that may not necessarily be circumscribed within a given country. The final objective of this tool is to complement—rather than substitute for—existing monitoring frameworks that typically deal with either global or national levels, but not both simultaneously.

This paper starts by zeroing in on the definition—or the lack of a consensus on the definition—of a food crisis and the operational properties on timeliness, coverage, and scope of the most prominent food insecurity monitoring systems currently in place (Section ‘Crisis or crisis not? identifying a food insecurity crisis’). Given the conceptual and operational limitations identified, Section ‘An alternative analytical framework’ develops a new information framework that uses a narrower definition of food crisis based on food prices and that is empirical in nature; that is, it defines a food price–related crisis using past trends. Despite the definition of crisis being narrower, and admittedly omitting other drivers of food insecurity, the framework truly integrates global and domestic stages of food insecurity around a concept of vulnerability. Section ‘The framework at work’ calibrates the framework across alternative thresholds and indicators, for both global and domestic stages, finding those that perform best in terms of identifying the peak of the crises while minimizing false positives. Section ‘Applying the monitoring framework: 2011 and 2012’ applies the framework to years 2011 and 2012, finding that the selected indicators and thresholds identify the observed global price spikes as well as the regional Horn of Africa crisis. Importantly, results also indicate that there are subregion-specific crises that would not have been picked up by monitoring global prices alone. This underscores the importance of fully integrating global and national stages into the framework. Section ‘Conclusions’ presents concluding remarks, limitations of the framework, and proposes a simple institutional architecture for implementation.

Crisis or crisis not? Identifying a food insecurity crisis

Although the concept of food security now has a widely accepted definition—namely that “food security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food for a healthy and active life” (FAO, 1996)—the concept of food crisis has not. Defining a level of crisis for both analytical and operational purposes has proven an elusive task. In fact, the use of *food crisis* ignores whether the situation has a global scope (such as increasing internationally traded food commodities due to a shock like the recent droughts in the United States) or a regional or country-specific nature (such as the 2011 Horn of Africa famine). As a result, the terms *famine*, *food insecurity*

crisis, *humanitarian disaster*, and *food crisis* are often used almost interchangeably. Because crises have different natures and degrees of severity, and therefore require different interventions, a poor definition of crisis goes beyond being merely a semantic issue.

Both the FAO and the WFP differentiate transitory from chronic food insecurity and talk specifically of “crisis-induced food insecurity” (FAO and WFP, 2009, 17). This includes both sudden shocks (for example, due to a flood or conflict) and crises that develop progressively (for example, due to drought or economic collapse; FAO and WFP, 2009, 14). However, WFP’s 2008–13 Strategic Plan contains not even a single mention of the term *food crisis*. Instead, the plan speaks of an *emergency*, defined “as urgent situations in which there is clear evidence that an event or series of events has occurred which causes human suffering or imminently threatens human lives or livelihoods and which the government concerned has not the means to remedy; and it is a demonstrably abnormal event or series of events which produces dislocation in the life of a community on an exceptional scale” (WFP, 2008, 13). In monitoring such emergencies, the WFP uses indicators of mortality rates, nutrition and food security, but warns that contextual and qualitative information should always be used to support the analysis (WFP, 2009). FAO-GIEWS (Global Information and Early Warning System on Food and Agriculture) does not have a formal definition for food crisis either, but establishes three conditions that categorize a region as in a food crisis: (i) lack of food availability; (ii) limited access to food; and (iii) severe but localized problems (FAO, Undated).

The Integrated Food Security Phase Classification (IPC) was originally developed in Somalia under the FAO Food Security and Nutrition Analysis Unit (FSNAU) by a multiagency partnership of eight major United Nations’ (UN) agencies and international non-governmental organizations (NGOs), including WFP and FEWS NET (Famine Early Warning Systems Network). IPC classifies different phases of food insecurity, including crisis, for areas and household groups. An area is in crisis (or phase 3) when “at least one in five households in the area have the following or worse: food consumption gaps with high or above usual acute malnutrition; or are marginally able to meet minimum food needs only with accelerated depletion of livelihood assets that will lead to food consumption gaps” (IPC, 2012). Further deterioration of the situation will cause the area to slide into phase 4 (that is, emergency) or 5 (famine). To determine the food insecurity level of a given country, the IPC uses indicators such as crude mortality rate, acute malnutrition, stunting, food access/availability, dietary diversity, water access/availability, hazards, civil security, livelihood assets, and structural factors.

The World Bank does not have a specific information system to monitor crises, which may be related to the fact that it does not see its role as one of providing immediate emergency responses. Its Global Food Crisis Response Program—under whose guidelines US\$1.2 billion were mobilized between 2008 and 2012—also does not contain an explicit definition of food crisis. In fact, the Bank’s Operational Manual 8.00 (World Bank, 2007) does not differentiate between *crises* and *emergencies*, and also uses the term *disaster* in stating when the Bank can respond to a borrower’s request for assistance, which is in “an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact associated with natural or man-made crises or disasters” (World Bank, 2008). The European Commission specifically defines a food crisis as “a humanitarian crisis arising from inadequate food consumption, poor food utilization or high prevalence of acute malnutrition” (European Commission, 2010, 28). A crisis is understood in terms of deviations from the norm—with all the challenges that the need to define the norm and to set the threshold for response entail. Finally, the UN International Strategy for Disaster Reduction (UNISDR) discusses disasters that affect food security; however, its Strategic Framework 2025 does not mention food crisis (UNISDR, 2011).

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