



**- WFP/OMXF -
Food Security Analysis Service**

SUMMARY OF PRICE IMPACT ASSESSMENT FINDINGS

WORKING DRAFT

9 October 2008

Country	Coverage of Analysis	Causes of Price Increases	Impacts	Most Affected Livelihoods	% Population Affected	Government Responses	Proposed Responses
Afghanistan	National (desk review of recent studies)	<ul style="list-style-type: none"> Poor recent harvest Restrictive export policies of traditional sources of food imports i.e. Pakistan and Kazakhstan Global food and fuel price increase 	<ul style="list-style-type: none"> Between May 2007 and May 2008 wheat prices increased by about 200% on average in main urban areas Between May 2007 and May 2008 the terms-of-trade or casual labourers and pastoralists declined by 65% and 60% respectively 29% of households face severe food access problems and spend more than 80% of their income on food Proportion of households with a poor food consumption have increased 16% compared to 2006 data 	<ul style="list-style-type: none"> Casual labourers Pastoralists in drought affected areas and in general the urban and rural poor that largely depend on the market for their HH food consumption 	<ul style="list-style-type: none"> Additional 2.5 million people (1.4 million in rural and 1.14 million in urban areas) would require food assistance. 	N/A	<ul style="list-style-type: none"> Safety net interventions targeting both urban and rural vulnerable households Revival of the women-bakery projects
Ethiopia	Urban (1800 HH + 959 traders in and around the Capital)	<ul style="list-style-type: none"> Rise in global food prices Rise in fuel prices Increase in domestic supplier prices due to poor Belg/Gu harvests and increased transportation costs resulting from higher fuel prices 	<ul style="list-style-type: none"> Wheat, teff and rice prices increased by about 100% in a year Maize prices increased by about 180% in just a year, meat prices by 50%, vegetables by 60%, sugar by about 40% and cooking oil by about 60% Between Jan-July 2008, the urban population with good food consumption decreased from 64% to 40% Those with very poor food consumption increased from 3% in Jan 2008 to 5% in July 2008 The poor spend 67.5% of their income on food HH food stocks have fallen Food consumption among income groups relying on pensions and allowances fell by 16% 	<ul style="list-style-type: none"> Female headed HHs The asset poor Labour wage earners and petty traders Urban vulnerable groups e.g. Orphans, HIV/AIDS affected HHs etc... 	<ul style="list-style-type: none"> 20% of urban households have shifted to less expensive foods 20% of urban HH have decreased the amount of food they consume 96% of the sampled HH felt the unusually high food prices to be a shock 	Urban Grain Stabilization Programme	<ul style="list-style-type: none"> Safety net interventions targeting urban vulnerable households to complement Government efforts

Country	Coverage of Analysis	Causes of Price Increases	Impacts	Most Affected Livelihoods	% Population Affected	Government Responses	Proposed Responses
Uganda	National	<ul style="list-style-type: none"> Rise in global fuel prices, affecting all but the most local markets. Increased demand for Ugandan food products from Kenya, DRC, southern Sudan Localized production losses (Karamoja, Teso) 	<ul style="list-style-type: none"> About 50% of food needs covered by own production A 10% increase of all food prices results in 5.5% decline in HH purchasing power Large declines in HH income lead to small reductions in the diversity of the diets, excluding quality of food 	Wage employment, non-agricultural workers, low income households, urban agricultural/poor households, IDPs	NA	No interventions specifically targeting high prices, based on the perceived relative lack of threat of high prices	<ul style="list-style-type: none"> Continue food assistance to IDPs and Karamoja area Expand food security and nutrition monitoring systems to poor HH in urban areas Design sustainable social protection mechanisms for the most vulnerable communities (rural and urban) Price surveillance systems to include wheat or bread, dependent on imports Expand trade monitoring systems to all neighbouring countries
Nepal	Rural	<ul style="list-style-type: none"> The global impact of food prices, fuel cost increases and the Indian ban on food exports Fuel shortages and fuel price and transportation cost increases (about 54% increase since 2007) Localized food shortages witnessed in the Far and Mid-Western Hills and Mountains hit by drought 	<ul style="list-style-type: none"> Deterioration of the terms of trade (Wage/Price coarse rice) by about 15% both in the mountains and hilly areas, against 9% in the Terai. For 19% of HH that are extreme poor, only 1 month of food needs covered by their own production and 73% of expenditure spent on food For 36% of HH that are poor, only 2 months of food needs covered by their own production and 64% of expenditure spent on food Higher food prices result in worse food consumption scores (FCS) among the poor and extreme poor, increased debts and lower quality of diets, sales of assets and taking children out of school 	Smallholders with less than 0.3 ha, limited education level and few livestock	28% of rural population	<ul style="list-style-type: none"> Export ban on food items Release of food stocks held by the Nepal Food Corporation in the market 	<ul style="list-style-type: none"> Scale-up food for work schemes Support income transfer initiatives

Country	Coverage of Analysis	Causes of Price Increases	Impacts	Most Affected Livelihoods	% Population Affected	Government Responses	Proposed Responses
	Urban		<ul style="list-style-type: none"> Food prices raised less in urban areas than rural areas. The deterioration of the terms of trade is lower in urban areas (7%) than rural areas. The urban poor have a better overall food consumption intake compared to the rural poor: 12.7% of urban poor (i.e. 67,000 people) have inadequate frequency and diversity of food intake. The use of coping strategies in urban settings is less than in rural areas, though urban households tend to reduce the size and the frequency of meals more often than rural households. 		23% of urban population		<ul style="list-style-type: none"> Set up emergency food security reserve systems (nationwide) Establish a cross-border trade monitoring system in collaboration with the government Advocate for the suspension of the export ban imposed by India
Guinea	Rural	<ul style="list-style-type: none"> Double-digit inflation rate over the last 5 years resulting from an expansionary monetary policy Continued depreciation of the Guinean National Franc (GNF) Rise in global fuel prices and global rice price 	<ul style="list-style-type: none"> Less than 30% of food needs covered by own production Decline of terms of trade ratio due to export ban 36% of cash-croppers are usually severely food insecure 	Cash-croppers (palm-oil) and subsistence farmers	23% rural population	<ul style="list-style-type: none"> Government issued an appeal for international assistance to deal with the effects of high food and fuel prices and to constitute a food security stock of 25,000 tons Eased access to foreign currency through the Central Bank Negotiation and retrocession of credit lines with financial partners Suspension of the 12.5 percent import tax on rice. 	<ul style="list-style-type: none"> Provide emergency transfers through schools
	Urban (Conakry)		<ul style="list-style-type: none"> Decline of terms of trade ratio (Wage/Price imported rice) Households with poor or borderline dietary diversity scores rely on temporary jobs (25%) and petty trade (50%) 29% HH reduced number of meal and 87% reduced quantity of meal 	Informal, casual and unskilled labour	7% urban population (Conakry only)		<ul style="list-style-type: none"> Scale-up nutrition interventions toward children, PLHIV, pregnant and lactating mothers through health centres Provide emergency transfers through food for work

Country	Coverage of Analysis	Causes of Price Increases	Impacts	Most Affected Livelihoods	% Population Affected	Government Responses	Proposed Responses
Palestine	National	<ul style="list-style-type: none"> Limited fuel supply from Israel, especially in Gaza Strip, reduced power supply and increased prices of agricultural inputs Frequent internal and external closures, especially in the West Bank Recent natural disasters in 2007/08 (frost and drought) 	<ul style="list-style-type: none"> 9% decrease of average monthly income over the last 3 months 32% of households witnessed a decrease of their incomes, 66% reported no change over the last 3 months 80% of households spend more than 45% of incomes on food 50% of household reported decreased expenditure on food by reducing the quality, mainly meat and milk (89%) and the quantity (76%) 49% resort to loan to buy food, 32% suspend payment of utility bills 	Households with chronically unemployed actives, with no regular source of income and/or assistance (45% unemployment rate in Gaza and 25% in West Bank)	Not reported on	<ul style="list-style-type: none"> 61% of households reported receiving assistance provided by the government (UNRWA) and; 20% reported receiving assistance from the Ministry of Social Affairs 	Not reported
Tajikistan	Rural	<ul style="list-style-type: none"> Cold winter in 2007/08 affected negatively crop production (wheat, potato and vegetables) Higher cost of transportation and commodities (imported wheat flour) at source markets (global markets) 	<ul style="list-style-type: none"> 14% of HH have poor FCS and 23% have moderate FCS 12% of HH are severely food insecure and 22% are moderately food insecure 2/3 of HH have less than 3 months of wheat to cover their food needs 78% of food insecure HH rely on market purchases and 81% of expenditures on food Reduced quantity of meals, increased sale of livestock, increased migration, debts, decreased of school attendance 	Large families with high dependency ratio, including children, elderly, sick or disabled individuals; women-headed/widow households; Farming HH.	34% of rural population	<ul style="list-style-type: none"> Price controls have been imposed on flour and other major staples, VAT exemption on imported grain and flour Budget for the agricultural sector increased by 220% for 2008, for small and medium-sized loans to farmers Increased State supplies of basic food and other products 	<ul style="list-style-type: none"> Direct food and/or cash or vouchers distributions Nutritional assistance to the most vulnerable groups Urgent repairs of water pumps; Distribution of essential drugs to health centres and/or cash support for vulnerable households to purchase drugs and pay for treatment
	Urban		<ul style="list-style-type: none"> Inadequate dietary and diversity of food intake is higher in urban settings than in rural settings: 21% of HH have poor FCS and 34% have moderate FCS 15% of HH are severely food insecure and 22% are moderately food insecure Reduced attendance of schools and increased diseases during the last 6 months due to increased cost, especially for food insecure households. 	Households relying on pensions/allowances, remittances, daily/casual labour and civil servants, female headed-households and with high dependence ratio	<ul style="list-style-type: none"> 37% of urban population 		

Country	Coverage of Analysis	Causes of Price Increases	Impacts	Most Affected Livelihoods	% Population Affected	Government Responses	Proposed Responses
Pakistan	Rural	<ul style="list-style-type: none"> Increasing wheat import gap (national balance sheet) due to informal flows across border, substitution effect and underestimated import gap Declining capacity to import (Current account deficit of 7% against a target of 4.5% of GDP, Trade deficit of 12.3% of GDP, 4.5 months from 7.5 months in 2007) Supply problems in western provinces Limited pass-through effects of global prices due to procurement targets and price control policy at federal level 	<ul style="list-style-type: none"> Decline of national consumption of wheat and rice by 0.789 and 0.827 million tonnes respectively. Overall, the poorest quintile spends 13 percent more on food than two years ago, while the richest quintile spends only 5 percent more One third of sick household members did not seek medical care (compared to 6% pre-crisis nationwide) Households cope by increasing number of income earners and income sources and child labour increased 23% respondents reporting income decrease against 27% reporting income increase (47% witnessing no change) Food expenditure rose by 10 percent and total expenditure by 4 percent in rural areas 28% of households have poor food consumption and 62% have moderate food consumption score 	Rural non farming households, agricultural wage labourers, petty traders and small farmers	Increased number of undernourished (<1700 Kcal) rural population from 25% in 2006 to 30% in 2008	<ul style="list-style-type: none"> Enforcement of minimum export price for rice Launch of Benazir card for cash transfer covering 8 million households Discouraging unauthorized wheat stocks Subsidy on farm inputs, particularly fertilizers Increased border surveillance to curb wheat smuggling Distribution of subsidized wheat through Utility Stores Corporation (USC) Outlets, and increase in coverage Planned wheat imports of 2.5 million mt to bridge the shortfall, including possible access to PL480 facility Removal of 10% import duty on wheat imports 	<ul style="list-style-type: none"> Wheat procurement at competitive market prices Encourage private sector to invest in wheat warehouse-receipt system Foster public-private-partnership in wheat procurement and storage Targeted input subsidies for small farmers Increased cash transfers through Bait-ul Mall Strengthen People Work Programme Implement National School Feeding Programme Better coordination of social protection programmes
	Urban		<ul style="list-style-type: none"> 33% respondents reported income decrease against 22% reporting income increase (44% witnessing no change) Terms of trade (wage rate/wheat price) deterioration in major provinces (Lahore, Multan, Karachi, Peshawar) 21% of households have poor food consumption and 73% have moderate food consumption score 	Service employees	Increased number of undernourished (<1700 Kcal) urban population from 21% in 2006 to 27% in 2008		

Country	Coverage of Analysis	Causes of Price Increases	Impacts	Most Affected Livelihoods	% Population Affected	Government Responses	Proposed Responses
Burundi	Urban	<ul style="list-style-type: none"> High inflation over the past three years due mainly to the decline in domestic food production Consumer price inflation driven mainly by price of food commodities Agricultural production decreased 15% in the last decade Pass-through effect of global prices on imported rice Increased fuel cost as well as insecurity 	<ul style="list-style-type: none"> 70% of traders reported a reduction of sales volumes compared to a year ago, mainly due to increase in commodity prices followed by ongoing harvest Increasing search for alternative sources of income moving away from agriculture to other activities such as petty trade and handicrafts/artisan activities Reduced wage labour opportunities, with increasing preference for payments in food More than 50% of households indicated income decrease against 13% reporting an increase 95% of households indicated an increase of their food expenditures 94% of households noted an increase of their expenses on energy (cooking, heating, lighting) 67% of households indicated an increase in transportation expenditures 60% of households indicated an increase in health expenses 42% of the households reported that education expenditures, compared to a year ago. The most commonly reported shock, by 83% of the households, was unusually high food prices 	Wage labourers, handicrafts/artisan group, followed by petty traders and agriculturalists	14.3% of urban population are vulnerable and 36.5% are chronically food insecure	<ul style="list-style-type: none"> As of July 2008, the impact of high food and fuel prices has not yet reached a level in urban areas of Burundi as to warrant an immediate response. Under the latest Burundi Poverty Reduction Strategy Paper, the government has committed to supporting vulnerable groups through strengthening social welfare systems, if necessary. 	<ul style="list-style-type: none"> More closely monitoring the situation in these urban areas, especially in the poor neighbourhoods, using existing systems Explore ways in which partners can provide technical support to implement government programmes

Country	Coverage of Analysis	Causes of Price Increases	Impacts	Most Affected Livelihoods	% Population Affected	Government Responses	Proposed Responses
Djibouti	Rural	Chronic droughts compounded by pass-through effect of high global food prices	<ul style="list-style-type: none"> About 75-83% of reported receiving no transfers from urban relatives in the form of cash and 50-63% indicated receiving less purchasing power compared to a year ago due to increased inflation of food and petrol prices. The majority of households (50-80%) of households could not do anything to compensate the impacts of shocks. 15% of interviewed households reduced their quantity of food or/and reduced their overall expenditures (including food expenditures). The share of poor food consumption group has gone up by up to 10 percentage points, while the share of borderline food consumption group has increased up to 15 percentage points by livelihood zone, equivalent to a decrease of the share of acceptable food consumption group since the last assessment in 2006 	Pastoralists	70% of rural population (50% food insecure and 20% moderately food insecure)	Not reported	<ul style="list-style-type: none"> Continue support school feeding programmes in all three livelihood zones (Northwest, Central pastoral, Southeast); and Move to FFW/A programmes following the end of GFD by early 2009
Kenya	Rural	<ul style="list-style-type: none"> Poor weather conditions in central highlands and eastern and coastal lowlands Maize supply disruption due to socio-political turmoil in 2008 High import prices Overall inflationary trend outpacing the rise in wage rates 	<ul style="list-style-type: none"> Pastoralist population living below the food poverty line has risen sharply by 23% (from December 2007) to 75% in June 2008 High child malnutrition rates witnessed in Mandera and Turkana districts with GAM rates of 22 and 29 percent, respectively Poor people are resorting to diet changes and reduction in frequency and composition of meals Rise in school drop outs Distress livestock sales Terms of trade deterioration to the detriment of pastoralists Terms of trade (wage/food prices) by 50% in urban settings 	Rural poor smallholders and subsistence farmers, HIV affected, pastoralists, IDPs refugees	15.7% of national population are food insecure	Not reported	<ul style="list-style-type: none"> Avoidance of bans on maize imports from Tanzania and Uganda Reduce taxation on fuel and production inputs Protection of current food assistance programs Expansion of relief food and/or cash transfers to include urban households Labour based safety net interventions
	Urban			Wage labourers and petty traders			

Country	Coverage of Analysis	Causes of Price Increases	Impacts	Most Affected Livelihoods	% Population Affected	Government Responses	Proposed Responses
Liberia	National	<ul style="list-style-type: none"> High import dependency for main staple (rice and fuel) Double-digit and increasing overall inflation (13.4% in 2008) 	<ul style="list-style-type: none"> All livelihoods groups eating less preferred food, substituting rice by cassava, and looking for additional income generating activities. Absolute per capita cash expenditures have increased by about one-third compared to December 2006 Households spend more on transport (+113%) and basic food commodities (50-86%) and less on higher quality food commodities, health (-18%), education (-11%) and housing (-33%) Increased rate of severely food insecure households in poor neighbourhoods from 4 percent in December 2006 to 8 percent in June 2008 in urban areas. Decrease of the proportion of people with good food consumption from 64 to 40 percent in urban areas. Reduction of consumption of high quality food commodities, in particular protein sources and vegetables in urban areas 		31% of rural population and 36% of urban population	<ul style="list-style-type: none"> Elimination of import tariffs in March Formulated a strategy aiming at i) ensuring adequate supply of rice, ii) increasing food production and iii) protecting vulnerable groups. Some priority actions include the reintroduction of school feeding in Greater Monrovia, expansion of nutrition interventions, and cash/food employment project for vulnerable urban youth. 	<ul style="list-style-type: none"> Replenish imported rice stocks. Scale up nutrition interventions Scale up and strengthen food production and income generating activities interventions in rural areas Continue investments in the agriculture and tree crop sectors Assess the feasibility and pilot conditional cash/food transfers in urban areas Kick-start national food security and nutrition monitoring system Shift from food for work to food/and or cash for assets

Country	Coverage of Analysis	Causes of Price Increases	Impacts	Most Affected Livelihoods	% Population Affected	Government Responses	Proposed Responses
Burkina Faso	Urban	<ul style="list-style-type: none"> Decrease in agricultural production Pass-through of global prices to domestic imported commodities (especially rice) Economic slowdown 	<ul style="list-style-type: none"> Increased food expenditures from 50% to 75% within a year Reduced the number of meals and the diversity of their diet as well as on health and hygiene Nutritional situation of the most vulnerable is deteriorating Increased number of children in feeding centres Decline in school attendance Increase street begging and illegal activities 	Construction labourers, petty traders, service workers (street cleaning and laundries) and handicraft activities, female headed households	80% of urban population in Ouagadougou and Bobo Dioulasso		<ul style="list-style-type: none"> Targeted free food distributions to the poorest Provision of health services and essential non-food items to destitute households (often women headed households) Provision of food vouchers Strengthen acute and chronic malnutrition programs and the free screening of malnutrition in vulnerable neighbourhoods, Strengthen school feeding Strengthen and support the national social policy and develop a social security system, Liberalize the sugar, oil and rice markets Promote and support peri-urban agricultural activities

Country	Coverage of Analysis	Causes of Price Increases	Impacts	Most Affected Livelihoods	% Population Affected	Government Responses	Proposed Responses
Benin	National	<ul style="list-style-type: none"> • Transmission from international prices • High demand from neighbouring countries • High transport costs • Cereal production down by 8 percent from last year due to floods and shorter than expected rain season 	<ul style="list-style-type: none"> • Households spend a higher proportion of their income on food (at normal times already 60 to 80 percent of income spent on food). • Reduced number of meals in the rural areas of Borgou and Alibori region • Sale of productive assets (agricultural tools and inputs for farmers and livestock for pastoralists) 	<ul style="list-style-type: none"> • Urban poor • Farmers • Pastoralists 	Not available	<ul style="list-style-type: none"> • Decrease of import taxes • Price control of imports • Rice subsidies • Stock building • Seeds and fertilizers distribution • Training for farmers water management • Technical support to farmers 	<ul style="list-style-type: none"> • Food distribution for the urban homeless • Strengthening of school feeding • Food-for-work, food-for-training in targeted rural areas • Blanket feeding for pregnant, lactating and malnourished children
Guatemala	National	<ul style="list-style-type: none"> • Seasonal and climatic factors at the regional level • High import dependency for grains 	<ul style="list-style-type: none"> • Food consumption among the poorest families has been reduced by 6% 	<ul style="list-style-type: none"> • Urban poor • Subsistence farmers • Day labourers • Non-farming rural poor 	60% of the rural population	Not detailed by country	<ul style="list-style-type: none"> • Improve market functioning • Additional food aid • Increase effective demand through transfers to poor households • Design programs for the urban poor • Establish strategic grain reserves • Improve agricultural productivity • Establish information and monitoring systems
Honduras	National	<ul style="list-style-type: none"> • Seasonal and climatic factors at the regional level • High import dependency for grains 	<ul style="list-style-type: none"> • Food consumption among the poorest families has been reduced by 8% 	<ul style="list-style-type: none"> • Same as above 	60% of the rural population	Not detailed by country	<ul style="list-style-type: none"> • Same as above
Nicaragua	National	<ul style="list-style-type: none"> • Seasonal and climatic factors at the regional level • High import dependency for grains • Hurricane Felix • Heavy rains 	<ul style="list-style-type: none"> • Food consumption among the poorest families has been reduced by up to 26% 	<ul style="list-style-type: none"> • Same as above 		Not detailed by country	<ul style="list-style-type: none"> • Same as above

Country	Coverage of Analysis	Causes of Price Increases	Impacts	Most Affected Livelihoods	% Population Affected	Government Responses	Proposed Responses
El Salvador	National	<ul style="list-style-type: none"> Seasonal and climatic factors at the regional level High import dependency for grains 	<ul style="list-style-type: none"> Food consumption among the poorest families has been reduced from 9% to 13% 87% of poor households have reduced both the quality and quantity of their food consumption 	<ul style="list-style-type: none"> Same as above 		Not detailed by country	<ul style="list-style-type: none"> Same as above