

# Learning From Experience and Emerging Research

David Tschirley & Research  
Teams in Mozambique and Zambia

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Emergency Response: Strategic Options for Dealing with Recurrent  
Food Crises in Southern Africa”  
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MICHIGAN STATE  
UNIVERSITY

## Key Points

- Trade played predominant role in 2002/03 response
  - Could have played a larger role
- Prospects for trade even better this year
- Governments tend to “backslide” during crises
  - For legitimate political reasons
- Promising new “action research” on market approaches to emergency response
  - Will donors support them?
  - Can Governments figure out how to benefit politically from them?

## 2002/03 Crisis – Key Findings

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- Early warning worked
- Markets worked
  - More than 75% of total inflow of grain to affected countries was through trade
- Markets could have worked better than they did
  - Multiple errors in Malawi
  - Unclear signals in Zambia
  - Open borders in Mozambique
    - Most stable prices of any country in its deficit Southern region
- Food aid needs were overestimated

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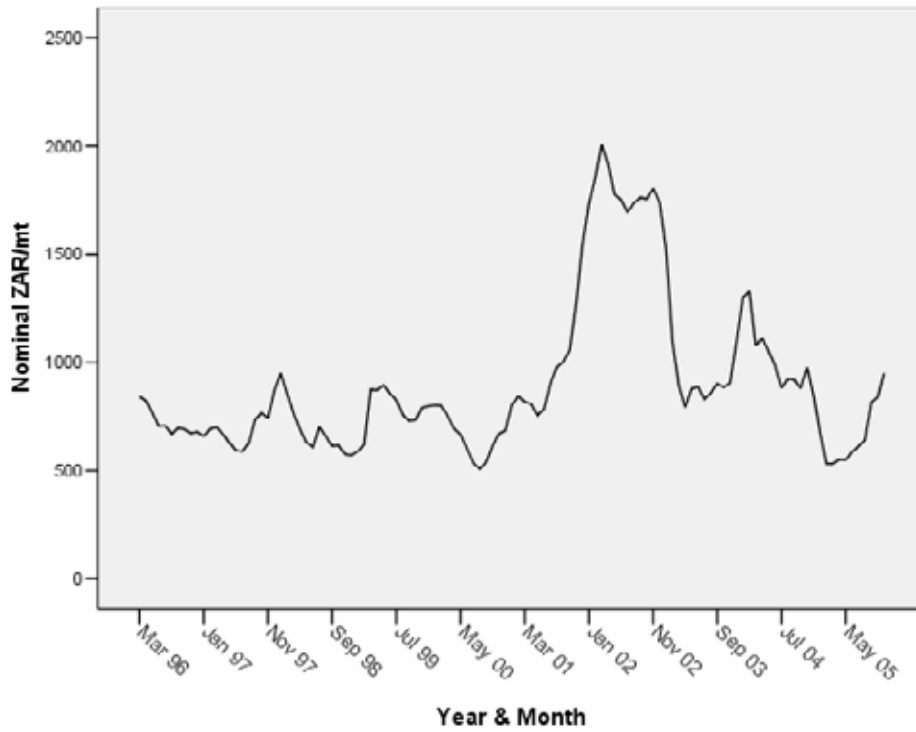
## Differences this Year

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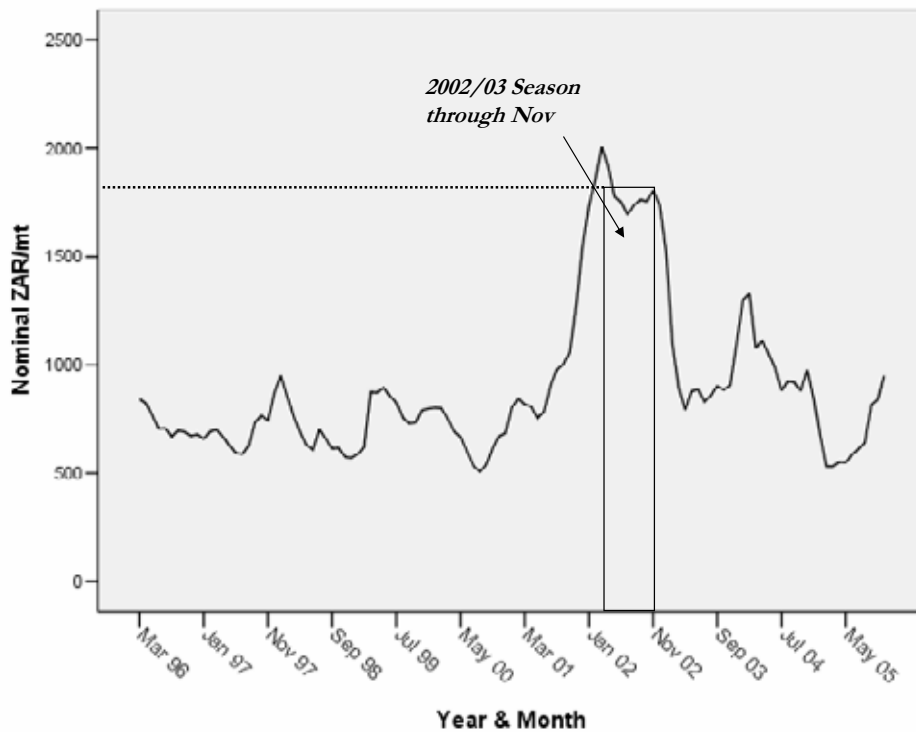
- Regional stocks much higher
  - High enough in RSA to cover entire regional deficit
- Prices in RSA much lower, though they have risen substantially since June

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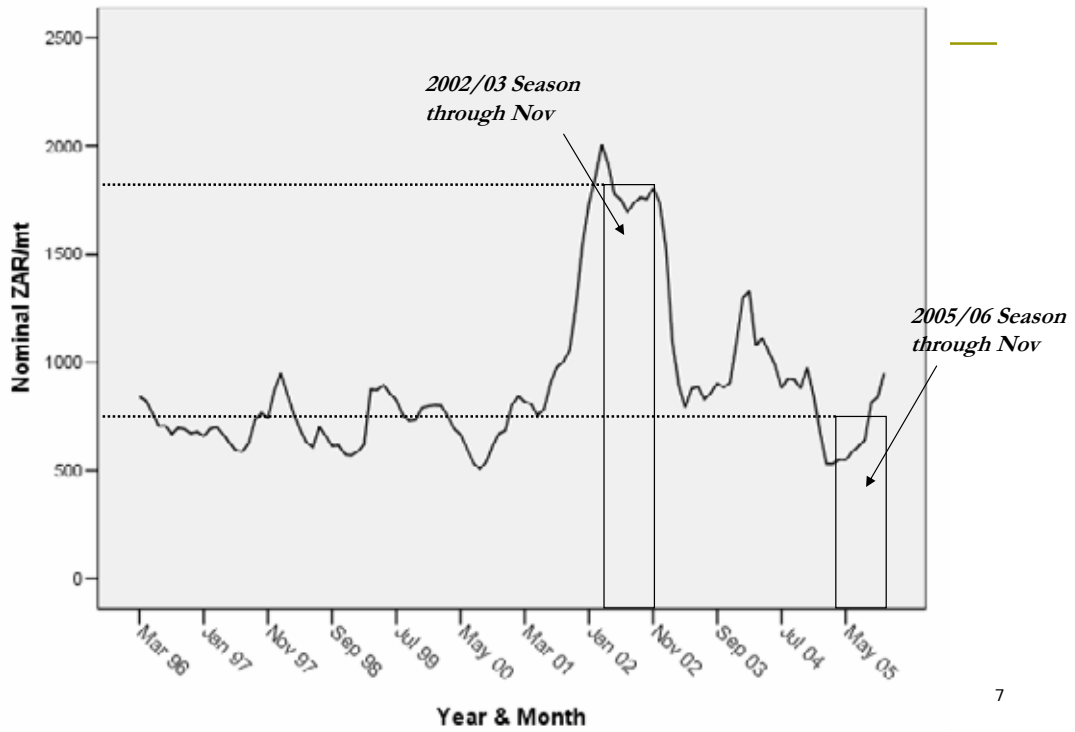
Nominal SAFEX White Maize Cash Prices, March 1996 – Nov 2005



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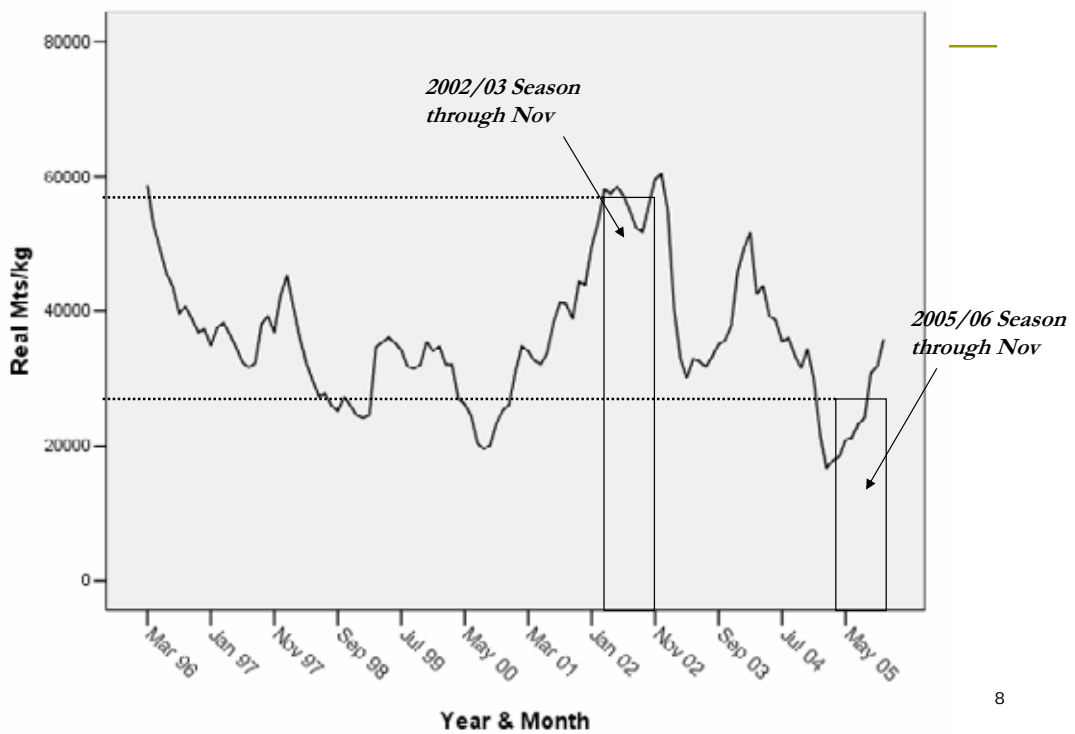


## Nominal SAFEX White Maize Cash Prices, March 1996 – Nov 2005



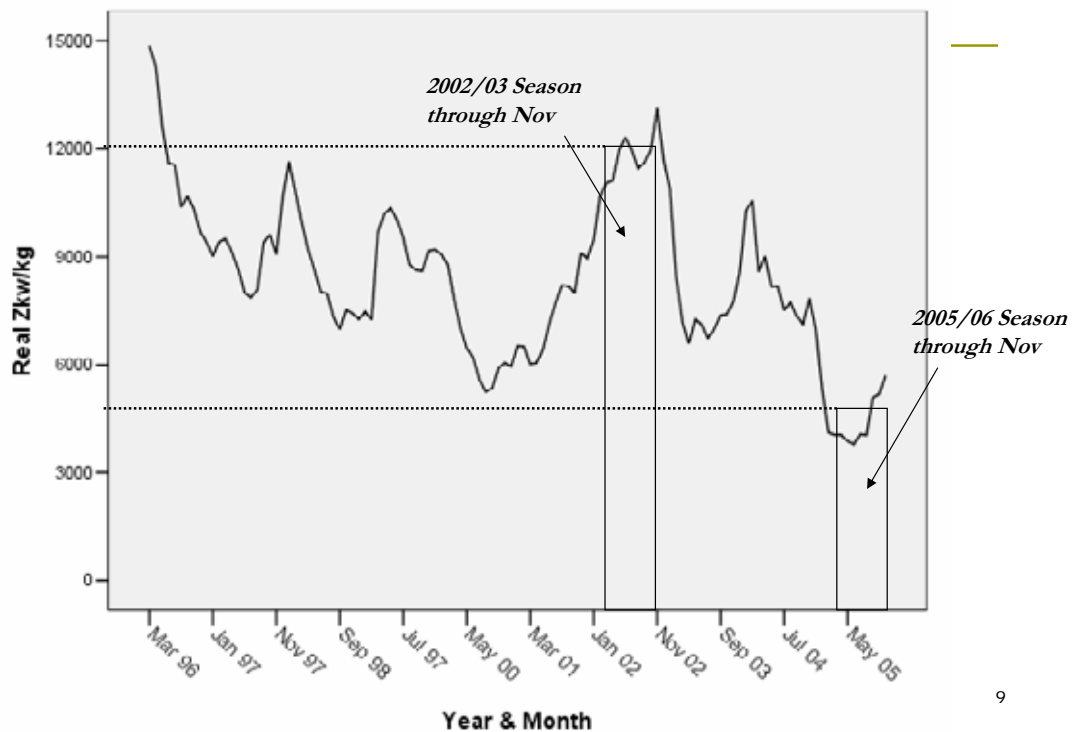
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## SAFEX Prices in Real *Mozambican Meticaís*, 3/96 – 11/05



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## SAFEX Prices in Real *Zambian Kwacha*, 3/96 – 11/05



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## Differences this Year (2)

- Real prices in Southern Mozambique are comparable to or a bit below 2002/03 at this time
- Informal flow from Mozambique to Malawi is lower this year
  - FEWSNET monitoring shows this now
  - SIMA windshield survey in Mozambique could have been used to foretell it in May:
    - lower production, higher prices in northern Mozambique
    - heavy demand from Malawi

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## Differences this Year (3)

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- Local purchase more problematic this year
- Regional purchase, in RSA, should be very feasible and help reduce cost of response
- Overall, prospects for trade are better now than in 2002/03

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## Will trade play a larger role?

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- Will it be allowed to?
- Governments often backslide during crises
  - Export bans
  - Direct involvement in commercial imports
  - Inconsistent execution
  - Lack of transparency in food aid plans
- Creates uncertainty regarding supply and prices
- Private sector does not act in a timely fashion

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## Will trade play a larger role? (2)

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- A vicious circle
  - Policy makers believe the private sector will not respond ...
  - ... so continues to behave in ways that discourage such response

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## Will trade play a larger role? (3)

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- Why does this happen?
  - Authentic lack of understanding of markets
    - We (Ag Economists) talk a lot about this
  - Rent seeking?
    - Ok, but ...
  - Political dynamic
    - Governments need to show their citizens that they are "doing something" to help them
    - This is legitimate!
    - But the law of unintended consequences often prevails

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## Will trade play a larger role? (4)

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- We need to think more creatively
  - Actions that would resonate with citizens while enhancing rather than diminishing the role of markets during food crises

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## Emerging Action Research

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- WFP's own guidance on selection of response options
  - Clear that cash transfers will in most circumstances be preferred to free food distribution
  - But donors have to support such approaches
    - So in-kind distribution continues to dominate
- Various agencies are moving ahead
  - Oxfam
  - Save the Children
  - Horn Relief (Somalia)
  - DfID
  - ODI

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## Emerging Action Research (2)

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- Fears about cash transfers
  - Difficult to target
    - “everyone wants money”
  - More vulnerable to theft
    - Whether through corruption or assault
  - Women may not have control over the income
  - May be spent on the ‘wrong’ things, such as tobacco, alcohol, or drugs

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## Emerging Action Research (3)

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- Oxfam
  - “Such concerns are often raised ... in countries where there is no previous experience ...
  - ... Following five years of field experience and six evaluations ..., Oxfam has concluded that many of the perceived risks ... are unfounded”
- Horn Relief:
  - “Concerns over security and inappropriate spending proved largely unfounded ...”
    - This in Somalia

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## Emerging Action Research (4)

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- Potential advantages
  - Choice: food is not the only “necessity”
  - Cost effectiveness
  - Dignity
  - Economic Recovery: spending of funds in local economy

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## Key Questions

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- More research is needed
- They are not a panacea
- But clearly these approaches have great promise
  - And seem to be gaining momentum
  
- How can donors find ways to support them?
- How can governments find ways to benefit politically from them?

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