The food price crisis and urban food (in)security

Marc J. Cohen and James L. Garrett

August 2009
ABOUT THE AUTHORS

Marc J. Cohen is Humanitarian Policy Researcher, Oxfam America; previously Research Fellow at the International Food Policy Research Institute.
e-mail: mcohen@OxfamAmerica.org

James Garrett is a Research Fellow at the International Food Policy Research Institute.
e-mail: j.garrett@cgiar.org

© IIED and UNFPA 2009

Human Settlements Group
International Institute for Environment and Development (IIED)
3 Endsleigh Street
London WC1H 0DD, UK
Tel: 44 20 7388 2117 (international); 020 7388 2117 (UK)
Fax: 44 20 7388 2826 (international); 020 7388 2826 (UK)

Population and Development Branch
United Nations Population Fund (UNFPA)
220 East 42nd Street
New York
NY 10017, USA
Tel: +1 212 297 5000
Fax: +1 212 297 4930

ISBN: 978-1-84369-739-8

This paper can be downloaded free of charge from
http://www.iied.org/pubs/display.php?o=10574IIED. A printed version of this paper is also available from Earthprint for US$20 (www.earthprint.com)

Acknowledgements: The authors are grateful to Mark Redwood at IDRC, Valerie Mueller at IFPRI, Gordon McGranahan at IIED, and four anonymous reviewers for helpful comments on an earlier draft.

Funding for this work was provided by the United Nations Population Fund (UNFPA). The opinions expressed in this paper are those of the authors and not necessarily those of the IIED or the UNFPA.
1 Introduction

Rapid increases in food prices in 2007 and the first half of 2008 attracted serious policy attention. During the course of 2008, the United Nations organized an inter-agency High-Level Taskforce on the Global Food Security Crisis and issued a Comprehensive Framework for Action. Over 40 heads of state and government attended a High-Level Conference on World Food Security sponsored by the Food and Agriculture Organization (FAO) of the United Nations, and focused mainly on how to address the price increases. Donors pledged more than US $12 billion to assist low-income, food-importing countries in coping with the effects of soaring prices.

The speeches, declarations, plans and pledges all duly noted the vulnerability of poor urban dwellers who rely primarily on market purchases for their food, which account for the bulk of their expenditures. Yet most policy prescriptions focused on addressing constraints to rural-based food production. In addition to strengthening of social protection schemes, the declarations called for increased investment in smallholder agriculture, attention to macroeconomic and trade measures, and the development or rebuilding of national and regional food stocks. While action in these last three areas potentially contributes in the longer term to greater urban food security, policymakers and analysts nevertheless paid less attention to efforts that would have a direct impact on preventing urban hunger.

In this paper, we argue that the disproportionate attention that policy solutions to the food price crisis give to rural dwellers is probably misplaced. Although in developing countries rural poverty is often deeper and more widespread than urban poverty, rural dwellers are often net producers of food, frequently of the very staples whose prices are rising. We outline the pathways of impact of food price rises on urban dwellers; highlight the evidence so far on how those impacts have played out during this crisis; and describe current policy responses, suggesting how to improve them to better protect the urban poor in the short and longer term.

2 Why an urban focus matters

Although most of the world’s poor people now live in rural areas, the numbers of urban poor, from market towns to megacities, are substantial and cannot be ignored. World population is expected to grow from 6.7 billion to 9.2 billion between 2007 and 2050. Virtually all of the 2.5 billion increase will occur in the developing world’s urban areas (UNDESA, 2008). This rapid urbanization is pulling the balance of poverty into cities. In 1993, 1.3 billion people in the developing world lived in extreme poverty (i.e., on the equivalent of less than US $1 per day). Nineteen per cent, or 247 million people, lived in urban areas. By 2002, the population in extreme poverty had declined to 1.2 billion people, but the urban share had increased to 25 per cent, and the number of poor urban residents had increased to 300 million (Chen and Ravallion, 2007).

Despite higher rates of poverty in rural areas, rural food insecurity is not necessarily higher than that in the cities. In fact, as Figure 1 indicates, in 12 of 18 selected low-income developing countries,\(^1\) the incidence of food insecurity (as measured by food-energy deficiency) in urban areas is the same or higher than in the countryside, even though urban areas on average have

---

\(^1\) The selected countries all have available nationally representative household surveys taken between 1996 and 2003 (Ahmed et al. 2007).
higher incomes (Ahmed et al., 2007). In times of food price crisis, to focus primarily on rural food insecurity and agricultural production is to miss a large part of the problem.

**Figure 1: Rural and urban incidences of hunger (food-energy deficiency)**

![Figure 1: Rural and urban incidences of hunger (food-energy deficiency)](image)

Note: The hunger incidences represent the sum of the incidences for the subjacent, medial, and ultra hungry.

Source: Ahmed et al., 2007.

### 3 Tracing out the causes of urban hunger and malnutrition

If we apply a lens of urban livelihoods and environment to the Unicef framework of determinants of food and nutrition (Figure 2), we can better understand this apparent paradox. Food security, regardless of location, depends first on having food available in the markets. The ability of the household to access that food depends on household income, as well as food prices. Households can also acquire food through their own production or by receiving it from others, say neighbours or government or NGO programmes. Figure 2 also shows that *individual* food security depends on the distribution of food within the household. Sufficient food may exist on a per capita basis at the household level, but some individuals, such as boys or those who work outside the home, may get preference in allocations.
In towns and cities, food is likely to be available in the market, even if not affordable. And that distinction is the source of the paradox. Urban dwellers have to purchase almost all their food as well as other goods and services, including housing, transportation, healthcare and education. Food security in the cities thus depends to a large extent on individual household circumstances as the household operates within this ‘purchasing environment’. The question becomes whether the relatively higher income compared to rural dwellers can compensate for what may be higher food prices and demands to spend remaining income on other needs, as well as the much lower capacity to buffer food price shocks by actually growing or raising the food the family needs (see Box 1).

Studies by the International Food Policy Research Institute (IFPRI) and others show the extent of the vulnerability of urban poor people. Using data from 20 developing countries, IFPRI found that the budget share devoted to food in extremely poor urban households ranged from 48 per cent in Guatemala to 74 per cent in Tajikistan; in 18 of the 20 countries households allocated more than half their budgets to food (Ahmed et al., 2007). Redwood (2008) found that low-income residents of Dar es Salaam, Tanzania, devoted 85 per cent of their income to food, while those in Bangkok, Thailand and Kinshasa in the Democratic Republic of Congo spent 60 per cent. In contrast, low-income city residents in the United States spend around 12 per cent.
Most food is purchased. In Ghana, urban households (without regard to income class) purchase 92 per cent of their food (FAO, 2008b). Other data show that urban residents of Egypt purchase about 95 per cent (97 per cent in major metropolitan areas). Residents of Lima in Peru purchase 91 per cent and people in other urban areas of the country purchase 88 per cent (Garrett, 2002a). Unsurprisingly, urban poor people are overwhelmingly net buyers of staple foods. According to the FAO (2008b), more than 97 per cent of poor urban households are net purchasers. In Guatemala the figure is 98 per cent; in Malawi 99 per cent; and in Vietnam fully 100 per cent.

**Box 1: Accra, Ghana: The urban food economy**

| Dependence on cash income and vulnerability to price changes are more acute problems for the poor in Accra than in many other African cities because of the higher percentage of food that they must purchase. Studies of other African countries indicate that typically from 20 to 50 per cent of urban residents engage in agricultural production. In these countries, agricultural production in the cities and on their immediate outskirts (so-called peri-urban areas) has been shown to have a positive effect on the diets and nutrition of their residents. In Accra, however, less than 15 per cent of households engage in any agricultural production, and even those that do are only able to cover an average of 7 per cent of their household’s food needs. Although urban production is responsible for a substantial proportion of the city’s fresh vegetables, it is mainly the wealthier classes that buy. In Accra, households are purchasing well over 90 per cent of their food, which for the poorest one-fifth of households amounts to over 60 per cent of their total household budgets (Ruel, 2003). While agriculture remains key in Accra, the city is encroaching on the peri-urban areas and farmland is being converted to other uses (Maxwell et al., 2000; IFPRI, 2002).

A lack of formal safety nets for poor residents of Accra leads to coping strategies for vulnerable households that often include eating cheaper, less-preferred foods or rationing money for the purchase of street foods. In other cases certain members of a household – usually the mother – will cut their own consumption in favour of the children. Borrowing money for food – often the last resort – is less socially acceptable than other coping strategies but more so than borrowing food itself (Ruel, 2003).

Nutritional status, in town and countryside alike, results from the interaction of food, health and care, so the determinants of nutritional status go beyond income alone. For instance, women in the cities are more likely to work outside the home than their rural sisters, and this may mean that they have less time and more difficulty in caring for their children. These constraints can lead to sub-optimal child feeding practices, as urban women tend to end breastfeeding two to three months earlier than rural women. This often leaves their children poorly nourished and lacking immunity to disease (Ruel, 2000).

In low-income neighbourhoods, people frequently live in crowded conditions, with poor-quality housing, poor or non-existent garbage collection, unsafe drinking water and non-functional or nonexistent sewage systems. In the urban areas of low- and middle-income countries, between 25 and 50 per cent of the population lack access to clean drinking water and safe sanitation (UNESCO, 2006). Urban poor people often do not have physical access to healthcare, and even when they do, they may not be able to afford it (USAID, 2004).
4 Sources of vulnerability: employment, consumption, markets, and reduced sense of community

4.1 Employment

To anticipate the effects of rising food prices, it is useful to understand the nature of employment, consumption patterns, markets, and community cohesion in urban areas. At first glance, the employment picture, even among poor people, seems relatively bright. Survey data from five developing-countries in Africa, Asia and Latin America show urban unemployment rates are often 10 per cent or less (Garrett, 2005). Unemployment is thus high, but not spectacularly so. This runs counter to the notion of high and widespread unemployment among city residents in developing-country (at least in non-recessionary times).

But perhaps poor people simply are not working full time or they hold many jobs simultaneously? Again the data appear to show this is not the case. In general, less than 10 per cent of working men and women reported having a second job. In interviews, residents of urban slums in Bangladesh would laugh and ask, 'Do you think we have time for anything else?' Perhaps then, with a paucity of social protection programmes and a need for cash income, poor people have no choice but to work. Yet the surveys showed that labour participation rates among poor people were not much different from those in other income classes. On average, between 50 and 80 per cent of working-age men were in the labour force, while women's participation rates were much lower. Children sometimes work as well. In surveys in Egypt, Ghana and Peru, 5 to 10 per cent of urban children reported having or seeking a job, with boys much more likely to have one than girls. The slums of Bangladesh presented an exceptional case: there, 15 to 20 per cent of children were in the labour force (Garrett, 2005).

Regardless of these rather surprising findings (which future studies should probe), there are some differential aspects of urban employment. The most important is in the quality and level of remuneration. Jobs of the urban poor are of low quality: they are casual, insecure, uncertain and low-paying. The poor earn money as street vendors, rickshaw drivers, or construction or factory workers. They do not tend to float from job to job on a daily basis. The urban household as a whole may have a more diverse set of income sources than a rural household, but each person tends to see themselves as having a particular job, e.g., masonry or tailoring (Garrett, 2005; Ersado, 2002; Maxwell et al., 2000).

In perhaps another surprise, seasonality affects urban incomes. Rains can slow or bring the work of rickshaw drivers, construction workers and street vendors to a halt. A garment factory needs fewer workers outside busy holiday periods. In addition, when work disappears in the rural areas, as when harvest ends, people may migrate temporarily to the towns and cities. This competition for jobs between urban and rural residents adds another dimension to seasonal impacts (Garrett, 2000; Frankenberger, Garrett, and Downen, 2000).2

Two other aspects of urban livelihoods that are sometimes overlooked are the importance of the regional, usually agricultural, economy and the importance of formal-sector jobs. (Few studies capture the significance of income gained through illegal activities such as bribes, dealing in contraband, and prostitution, although these are undoubtedly important to the livelihoods of many urban dwellers.)

---

2 Rains in rural areas can also make it more difficult to get products to the cities, and result in higher food prices.
The importance of the agricultural economy to the economic life of the city varies mostly with city size. Of course, the food system as a whole is important even in megacities, with agriculture providing the basis for jobs to thousands of transporters, street vendors, retailers, wholesalers and manufacturers. But in most countries, in cities other than the very largest ‘primary’ ones, agriculture is even more fundamental. Merchants and mechanics provide agricultural inputs and tools. Traders dynamically connect city and countryside. In some cities, a notable proportion of urban residents farm for a living (most likely on land outside the city). In Egypt and Malawi, 10 per cent of urban dwellers outside major metropolitan areas claimed agriculture production as their main occupation (Garrett, 2005).

These urban–rural connections often remain an important part of livelihood strategies of urban dwellers. Just as many rural residents migrate to cities in search of economic opportunities, city residents also seek seasonal jobs in the countryside. In Colombia, some of the temporary workforce for the coffee harvest comes from the cities. And in many places, even those who have moved to the cities for the long term may keep close ties to their former rural homes as a hedge against bad economic times or political instability. In Botswana, for example, half the low-income urban folk keep land or cattle in rural areas. In Bangladesh, in contrast, these kinds of urban–rural links decline rather quickly (Tacoli, 2000; Garrett, 2000, 2005).

Finally, although the image of urban informal work predominates, in reality many urban residents, even the poor, work in the formal sector. Of course, such employment is more important in some places than others: in Accra, Ghana, 53 per cent of the workforce earned their living from informal or self-employment (Maxwell et al., 2000). In Egypt and Malawi, however, 70 per cent or more of jobs pay wages or salaries. The public sector can be an especially important source of employment for women. Two-thirds of working women in Cairo, Alexandria and Suez have jobs in the public sector, as do three-quarters of those outside metropolitan areas (Garrett, 2005).

4.2 Consumption patterns

A nutritional transition has accompanied urbanization and economic development (Popkin, 1994). The corresponding changes in dietary patterns affect not only long-term health but also the ways in which price changes impact urban poor people. Higher incomes have permitted purchase of processed foods with higher added values, including dairy and meat. The concentration of population has allowed for efficiencies in marketing and an ability to cover fixed costs when providing a variety of goods. And employment outside the home, which increases the opportunity cost of time, has increased demand for foods that are ready to eat or easily prepared.

For example, with urban residence, consumers shift from sorghum, millet, maize and root crops to rice and wheat (often processed into bread). Rice and wheat, along with maize, tend to be internationally traded food items (as opposed to roots and tubers such as cassava that have relatively little trade). This means that the urban poor are more vulnerable than the rural poor to variations in the international market.

Urban people also consume more meat and milk and a greater variety of fruits and vegetables. The increased diversity of the urban diet is positive, often leading to greater intake of nutrient-rich foods with higher levels of vitamins and minerals. But it also has more saturated and trans-fats, sugar and salt, and lower amounts of fibre (Ruel, 2000). Combined with a more sedentary
lifestyle, urban dwellers have a greater risk of chronic conditions including obesity, heart disease and stroke (Popkin, 1994).

4.3 Markets

Although in-depth research on urban food distribution systems is astoundingly scarce, the common wisdom is that inefficient marketing systems in many developing countries, and the inability of poor people to afford bulk purchases, mean that they face high per-unit food costs. Poor people tend to buy their food from local fruit, vegetable and meat markets or neighbourhood kiosks that carry staples such as pasta and rice. These retail markets are frequently small and scattered.

Wholesale markets, when they exist, often have not adapted to the changing conditions resulting from increasing urbanization. Most were built decades ago and now sit in central areas of cities, hemmed in by and creating traffic congestion. Their storage facilities are often inadequate or badly managed and there is a lack of refrigeration for perishables. These problems add to marketing costs (Aragrande and Argenti, 2001; Argenti, 2000).

At the same time, supermarket chains are displacing traditional retailers in many countries of Africa, Asia and Latin America. Large transnational chains, such as Wal-Mart, Sainsbury’s, Carrefour, and Ahold, are particularly active in Latin America (Reardon et al., 2003). These new outlets may present a way to overcome structural inefficiencies by utilizing large purchasing and distribution networks. In Argentina, Brazil, Chile, Colombia, Costa Rica and Mexico, for example, supermarkets now account for 45 to 75 per cent of food retailing. In the remainder of Latin America, largely lower-income and less urbanized, the share is 20 to 40 per cent (Reardon and Berdegué, 2002). Supermarkets control about 50 to 60 per cent of food retail sales in South Africa. Multinational supermarket chains have expanded into most other countries of southern and eastern Africa as well (Weatherspoon and Reardon, 2003).

Supermarket chains will undoubtedly capture more of the retail share in the future. In 1994 supermarkets accounted for 15 per cent of national food retail in Guatemala – and less than ten years later held 35 per cent (Reardon and Berdegué, 2002). But even these statistics show that the traditional food retail sector, including public markets, street vendors and small shops, still dominates urban food marketing. In Africa, multinational chains do not yet extend into poor urban neighbourhoods and towns, and have a significantly reduced presence in the poorer countries (Weatherspoon and Reardon, 2003). In addition, evidence is mixed as to whether these large-format outlets result in lower food prices (Reardon and Berdegué, 2002), especially for staples that make up the bulk of the diet of poor people.

Thus, the burgeoning of supermarkets in developing countries may not be of immediate relevance for poor urban dwellers. Large chains are unlikely to establish a significant presence in slums or other poor neighbourhoods any time soon. Even if they appear at the periphery of poor settlements, these markets may not be convenient for the poorest slum dwellers who may lack transport or cash to purchase in bulk. It is also not clear that the prices offered by supermarkets would be attractive enough to make poor people change their purchasing patterns in the short run.
A purchasing pattern similar to that of some developed countries is likely to emerge: upper- and lower-income consumers will shop at chains, getting better prices and better quality; inner-city urban poor people, with limited options, will continue to purchase food on a daily basis at small corner stores that may also offer credit.

Whereas supermarkets may be a wave of the future, street vendors are part of the daily routine. Street vending is also an important source of livelihoods for many in the city, especially women. Though street foods (say those from street carts) can be purchased in small quantities – an attractive feature for those short of cash – and are convenient, saving on preparation time, they can be relatively expensive. At the same time, the ‘daily special’ at food stalls can provide a cheap, nutritious meal.

The consumption of street foods varies widely by country and city. In Nigeria, city dwellers spend as much as half their food budgets on street foods. Residents of Bamako in Mali rely on street foods for an average of 250 calories per day (Ag Bendech et al., 2000; Cohen et al., 2008). In Accra, Ghana, street foods accounted for about 40 per cent of the food purchases of low-income families and 25 per cent even in high-income brackets. Over 50 per cent of the money spent on street foods was spent by or for children. School children relied on street foods to meet a large portion of their daily intake. Even children as young as four or five years of age were given money to purchase street foods of their choice (Maxwell et al., 2000).

When food and cooking fuel costs rise, consumption of street foods tends to increase as well since their price usually goes up more slowly as a result of economies of scale of production. On the other hand, poor infrastructure (i.e., water and sanitation), inadequate training of vendors in food hygiene, and weak or arbitrary enforcement of food safety regulations (if these even exist) mean that consuming street foods can sometimes be risky (FAO, 1997; Tinker, 1997).

### 4.4 Community cohesion

Increased mobility and transience in urban areas mean that people may be better able to seek out economic opportunities, but this may come at the cost of less sense of community. While people in urban areas may have somewhat better access than rural people to formal assistance programmes (where these exist), informal safety nets based on trust can be weaker, especially for newly arrived migrants from rural areas. In some cities and towns, established migrants may provide support to newer arrivals with whom they share kinship or community ties. But often, organized crime groups may offer the only source of protection and assistance. This may help urban low-income people to eke out an existence, but it further erodes trust and community cooperation (Frankenberger, Garrett and Downen, 2000; Tacoli, 2000; Garrett, 2000, 2005; IFPRI, 2002).

### 5 Own-production: urban and peri-urban agriculture

Of course, urban households may actually grow crops or, most often, raise small animals, and so produce their own food. Even for poor families who buy most of what they eat, vegetable cultivation and animal husbandry can provide supplemental food and income. Many urban farmers are women. As much as 40 per cent of the population of some African cities and up to 50 per cent in some Latin American cities engage in urban or peri-urban agriculture (IFPRI, 2002). Even in well-established, highly industrialized cities such as Taipei, Taiwan, urban agricultural activities can be readily observed, especially on the city’s edge. In cosmopolitan
Addis Ababa, Ethiopia, livestock herds are evident in the city centre, and farmers till fields well within the city limits. In Korem, a district capital with 30,000 residents in Ethiopia’s northern Tigray State, urban agriculture is even more apparent. In Hanoi, Vietnam, 18 per cent of the land is devoted to agriculture. In Quito, Ecuador, 35 per cent of the land is vacant and often used for farming (Redwood, 2008). In Rosario, Argentina’s third largest city, 80 per cent of the land is vacant and 10,000 city residents earn their living from agriculture (IDRC, 2008; Redwood, 2008).

By one estimate, some 200 million city dwellers produce food for the urban market, accounting for 15–20 per cent of total global food production (van Veenhuizen, 2006. In West Africa, around 20 million households (20 per cent of the urban population) are engaged in urban agriculture. They supply 60–100 per cent of the fresh vegetable market in those cities (Baker, 2008).

Urban and peri-urban agriculture can provide a number of benefits as part of the food supply chain. Transport costs are low, since most sales are made near the point of production. Producers are responsive to market demand (Redwood, 2008).

In addition, urban farming systems recycle liquid and solid wastes, thereby reducing waste streams and recycling nutrients that would otherwise be lost. But this recycling advantage also creates risks. It may pollute the soil and water, and it raises questions about the safety of the food produced. Because urban agriculture tends to be part of the informal economy in most countries, municipal authorities do not systematically monitor or regulate these risks. Some cities have enacted urban agriculture policies in recent years, including Accra, Beijing, Brasilia, Bulawayo (Zimbabwe), Havana (Cuba), Hyderabad (India), Rosario (Argentina) and Nairobi (Kenya) (Redwood, 2008).

Another problem is that because of its mainly informal – and sometimes illegal – nature, there are no systematic studies of the economic value of urban agriculture or how it may contribute to economic security among low-income city dwellers (Redwood, 2008). According to Redwood, there is a crying need for ‘comparative and robust data using a transferable methodological framework’ in order to fill the knowledge gap.4

Urban agriculture is the most significant land use in Kampala, Uganda’s capital, and nearly half of the city’s households produce some of their own food. The city council has enacted ordinances, following broad stakeholder consultation that engaged urban farmers, to facilitate and regulate urban agriculture, while protecting public health (IDRC, undated; Cole, Lee-Smith and Nasinyama, 2008). Unfortunately, participatory policymaking and a clear legal framework are not the norm with regard to urban agriculture. Too many municipal governments regard the practice with hostility: urban planners frequently see it as a form of resistance to the priorities they have established. And even when rules are in place, as in Harare, Zimbabwe, they are often poorly enforced and not well known by urban farmers (Redwood, 2008).

---

3 Authors’ field observations in Taipei, Addis Ababa, and Korem.
4 Mark Redwood of the International Development Research Centre, personal communication to the authors, 12 February 2009.
6  Responding to food price rises

In light of these factors, how might urban poor people respond to rapid food price rises? The impact on the urban poor is likely to be significant. Food, which takes a large proportion of their cash expenditures, is essential. Therefore, they will try to cushion the shock by reducing their outlay on such items as transport, health and education, which are already squeezed – with substantial negative effects on time spent getting to work and, in the longer term, on their own or their children’s economic productivity and well-being.

And households are likely to adjust their food consumption. Families can reduce food expenditures by eating less, including skipping meals; or shifting to lower-quality food or less-diverse diets. They may choose to buy on credit or take from neighbours or find a way to access food programmes.

One possible outcome is a reduction in consumption of relatively higher-priced meat and dairy products, and fruits, vegetables and pulses. Even as prices rise, the tendency may be to revert to increased consumption of non-processed staple foods, which are cheaper on a per-unit basis, in order to maintain energy intake levels. Non-staples generally account for 40–60 per cent of poor consumers’ food expenditures, and inclusion of the most nutritious foods can increase the cost of the food basket. Although the negative aspects of eating highly processed foods may decline as diets become less diverse, the health effects of this strategy are substantially negative on balance. According to Bouis (2008), if income remains constant, a 50 per cent increase in all food prices will result in a 30 per cent decline in iron intakes, with severe public health consequences. This is because poor consumers already tend to have inadequate intakes of micronutrients, which come mostly from variety in the diet; and demand for staples is highly inelastic. Poor Indonesian consumers reduced non-staple purchases when rice prices rose in the late 1990s, leading to measurable iron deficiency in young children and their mothers. Higher rice prices have likewise led to poorer nutrition in Bangladesh (FAO, 2008a).

These changes in consumption patterns brought on by higher food prices will mean increased micronutrient deficiency disorders and a higher incidence of disease, child and maternal mortality, poorer school performance and, over time, reduced worker productivity. Because under these circumstances poor households often cut back on non-food necessities (such as health and education) and may also deplete assets and savings, food price increases can have multiple negative long-term impacts on household well-being and future human capital (Bouis, 2008; FAO, 2008a).

Families can also adjust food distribution within their households to cope with higher food prices. It is common for mothers to forgo food when it is scarce, and boys also frequently get larger rations than girls (Baker, 2008).

In the recent crisis, food energy costs were a substantial factor behind the price rises in staple grains. In such crises, the prices of other goods, including transport and different food items, may also rise. Shifting to different foods therefore may not gain the household much, and higher transport costs may make travelling to markets, such as wholesale markets or even supermarkets where per-unit costs may be less, more difficult. The pressure on expenditures may also limit poor families’ ability to buy goods in bulk at a discount. Low-income city residents may be left with little choice but to continue to buy in small quantities from the local kiosk or market, at a higher per-unit cost.
Another coping strategy may be for the household to attempt to increase income. As shown above, even poor families often have some scope for adding household members to the workforce, especially women and children, although this may come at a cost to childcare, individual health or education.

In sum, poor people already have a less diverse diet, they eat lower-quality foods, and they may already be participating in social programmes or borrowing from neighbours. They have little room for manoeuvre, and so their ‘coping mechanisms’ may lead to a real loss in food security. These effects are likely to differ across income classes and household locations. Upper-income households may have to lessen food expenditures and decrease diversity somewhat, but with manageable effects on food security. Households in smaller cities and market towns may have a stronger connection to the agricultural economy. The impact is uncertain, but national demand for some agricultural goods could in fact fall, increasing supply and perhaps restraining price increases in the local area. These households may also be able to grow their own food, and so mitigate the effect of price rises, at least over the medium term. They may even benefit from the food price rises if they are agricultural producers.

7 Soaring food prices aggravate urban hunger

These are potential ways food price rises could affect urban dwellers. But what evidence do we have about what actually happened during the rapid run-up in food prices of 2007–2008?

By the second quarter of 2008, world prices of wheat and maize were triple what they were at the beginning of 2003, and rice was a staggering five times higher (Figure 3). Milk prices also tripled, while beef and poultry prices doubled (von Braun, 2008c).

A number of structural and closely connected forces aligned to drive prices up. In the short term, these included rising energy prices, recently increased subsidies for biofuel production, weather disruptions, lower holdings of international cereal stocks, and restrictive trade policies. Contributing factors included income and population growth (leading to higher demand for food in general, and for processed foods or meats that required higher amounts of cereal inputs), as well as land and water constraints, underinvestment in rural infrastructure and agricultural innovation, and lack of access to inputs. Between 2000 and 2007, demand for cereals exceeded supply, and stocks fell. Country trade policies aimed at easing the domestic effects of the price increases, such as export bans and import subsidies, worsened the volatility of the international food markets (von Braun, 2008b). Depreciation of the US dollar since 2005 pushed the dollar prices of commodities upwards and encouraged speculation as a hedge against further dollar depreciation (Timmer, 2008). Even if prices are adjusted to account for inflation and the dollar’s decline, the increases were dramatic; between 2002 and mid-2008, the real increase in overall food prices was 64 per cent (von Braun, 2008a; FAO, 2008b).
After peaking in mid-2008, cereal prices declined 30–40 per cent in the third quarter of the year, due to the worldwide recession, good weather, and farmers’ favourable production responses to higher prices in many countries. Cereal production is estimated to have increased by 2.8 per cent in 2008. However, most analysts do not believe that prices will return to the levels of the early years of the decade, due to continued strong demand for energy and for cereals for food, feed and fuel, as well as to structural land and water constraints. In addition, climate change poses a serious long-term constraint to food production. FAO and the Organisation for Economic Co-operation and Development (OECD) project that until at least 2017 food prices will remain above the average levels of 2005–2007 (von Braun, 2008b, c; FAO, 2008a, b).

The extent to which the global food price increases translated into changes in prices in developing countries varied greatly and depended on such factors as degree of import dependence, transport costs, market structures and amount of market competition, and domestic policies such as price wedges. In Tanzania, for instance, local prices reflected 81 per cent of the change in international maize prices between 2003 and early 2008, but in Indonesia, markets in Surabaya, the second largest city, reflected only 32 per cent. Rice prices in Ghana and the Philippines increased by about 50 per cent of the global rise. Higher food prices contributed substantially to overall inflation in many developing countries, and over the past two years, food price inflation exceeded overall inflation in most of the countries where a high proportion of the population is food-insecure (von Braun, 2008b, c).

As an additional urban illustration, Table 1 shows the wide variation in the magnitude of staple price increases just within one sub-region, West Africa. In July 2008, Dakar, the capital of Senegal, saw price increases in excess of 100 per cent for rice, the main staple, as compared to
the average July price of 2002–2007. Dakar is home to almost 25 per cent of Senegal’s people and an even higher share of the country’s poor people (IDRC, undated). Senegal is one of the world’s largest importers of rice, and its substantial engagement with the global food economy heightens exposure to global price fluctuations considerably. In contrast, people in the capitals of nearby Burkina Faso and Mali experienced much smaller increases in the price of maize, the local staple. The two countries rely much less on imports than does Senegal. Niger depends on Nigeria for a substantial portion of its food supplies, and residents of its capital, Niamey, saw a 65 per cent jump in the price for millet. In Nouakchott, Mauritania, where 75–80 per cent of all food is imported commercially or as food aid, rice prices rose by about 65 per cent (Egal, Thiam and Cohen, 2009; Oxfam International and Save the Children, 2008).

### 8 Impacts: coping strategies

Poor urban households engage in a variety of approaches to deal with higher food prices. Common strategies include reducing food consumption and diet quality. In Cambodia, half the households that responded to a survey indicated that they had cut back on food consumption (CDRI, 200). Von Siphou, a fruit seller in Phnom Penh, the capital, said, ‘I am working as hard as I can and it is not good enough. The only thing left to do is to not eat’ (Oxfam International, 2008b). In Dhaka, Bangladesh, in April 2008, media accounts indicated that poor people had cut out one meal a day in response to high rice prices, stopped eating meat, fish and eggs, and were unable to save any money (WHO, 2008). Surveys by Oxfam and Save the Children found that in parts of West Africa, 33 per cent of respondents reported reducing the quantity of food that their households consume, while 22 per cent indicated that they had reduced the number of meals per day or cut out higher-priced foods, even when those were more nutritious (Oxfam International and Save the Children, 2008). In Honduras, low-income households in both urban and rural areas reported a reduction of 8 per cent in food consumption (Oxfam International, 2008b). Many poor people in Ethiopia’s cities skipped meals and eliminated eggs and vegetables from their diets (FAO, 2008b).

#### Table 1: Staple price increases in West Africa, 2002–2008

<table>
<thead>
<tr>
<th>City</th>
<th>Country</th>
<th>Staple</th>
<th>% increase from average July 2002–2007 price to July 2008 price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dakar</td>
<td>Senegal</td>
<td>Rice</td>
<td>113</td>
</tr>
<tr>
<td>Conakry</td>
<td>Guinea</td>
<td>Rice</td>
<td>24</td>
</tr>
<tr>
<td>Nouakchott</td>
<td>Mauritania</td>
<td>Rice</td>
<td>67</td>
</tr>
<tr>
<td>Bissau</td>
<td>Guinea-Bissau</td>
<td>Rice</td>
<td>80</td>
</tr>
<tr>
<td>Ouagadougou</td>
<td>Burkina Faso</td>
<td>Maize</td>
<td>5</td>
</tr>
<tr>
<td>Bamako</td>
<td>Mali</td>
<td>Maize</td>
<td>24</td>
</tr>
<tr>
<td>Niamey</td>
<td>Niger</td>
<td>Millet</td>
<td>65</td>
</tr>
<tr>
<td>Malanville</td>
<td>Benin</td>
<td>Maize</td>
<td>82</td>
</tr>
<tr>
<td>Kano</td>
<td>Nigeria</td>
<td>Maize</td>
<td>86</td>
</tr>
</tbody>
</table>

Higher prices will likely lead households to increase the share of their budget going on food. Poor households have few reserves to fall back on, and so are forced to adopt coping strategies. In Burkina Faso, survey respondents reported that they increased the share of their household budgets devoted to food from 50–60 per cent to 75 per cent (Oxfam International and Save the Children, 2008). Such increases can drive poor households into debt. Nearly 40 per cent of households surveyed in Niger reported that they have incurred debts in order to afford food (Oxfam International and Save the Children, 2008). In Manila, the Philippines, where inflation hit nearly 10 per cent in May 2008, security guard Leonardo Zafra said that he borrowed money at high interest rates in order to feed his family, as his daily wage did not cover food, education and utilities (FAO, 2008b). In South Africa, some low-income people engaged in prostitution as a coping strategy, increasing risk of sexually transmitted diseases and threats to personal security (Redwood, 2008). In many cities, higher food prices mean that migrants from the countryside have fewer funds to send back to their families. This, in turn, can negatively affect food security and well-being in rural areas (Baker, 2008; Redwood, 2008).

### 9 Impacts: rising food insecurity and malnutrition

As stated above, an increase in the price of a main staple can lead to a substantial drop in ability to purchase other needed goods. This impact is greatest among the poorest households, who spend the most, in percentage terms, on food. Using data from household surveys in nine developing and transition countries, FAO found that in urban areas a 10 per cent rise in staple food prices hurt the bottom 20 per cent of the income distribution the most (Figure 4). In countries where the main staple accounts for a large share of total calories (e.g., Bangladesh, Malawi and Tajikistan), poor urban and rural households suffer substantial declines in calorie intake (FAO, 2008b; Bouis, 2008). This impact varies by gender: female-headed households suffer a larger proportional drop in welfare than male-headed households because they tend to spend proportionally even more on food.

![Figure 4: A 10 per cent rise in staple prices hurts the poorest urban areas](image)

Source: FAO, 2008b.
There were variations on these themes in cities across the developing world:

- The World Health Organization reports that child malnutrition rates increased from already high levels in Burkina Faso, Mali, Niger and Senegal in 2008 (Oxfam International and Save the Children, 2008).

- In Peru, FAO (2008a) found that a 10 per cent rise in the price of wheat would cause a slight increase – from 21 to 22 per cent – in the share of the population that consumes less than the level of calories needed to maintain good health under light physical activity. However, the increase in undernourishment would be higher in Lima, the capital city, where 25 per cent of Peruvians live (FAO, 2008a).

- In Brazil, the effects of higher food prices have been especially severe for poor city residents (Oxfam International, 2008b).

- In November 2008, a balanced diet supplying key daily micronutrient needs in Guatemala City cost nearly twice as much as a staple-only diet, and was more than 25 per cent more expensive than a mid-range diet (which remains deficient in iron and zinc), making healthy eating difficult for poor residents (Figure 5).

**Figure 5: Cost of various diets in Guatemala City, November 2008**

![Cost of various diets in Guatemala City, November 2008](image)

Source: Von Braun 2008c

- In Cambodia, prices for rice, the staple food, jumped 100 per cent between May 2007 and May 2008. Meat prices rose 50–70 per cent, while those for fish (a key protein source for Cambodians) and vegetables climbed 20–30 per cent. Urban poor people were among those most adversely affected as the cost of other necessities, such as petrol, water and cooking fuel, also skyrocketed. A nationally representative survey on the effects of higher food prices found that 12 per cent of Cambodian households (1.7 million people) were food-insecure in mid-2008, at the height of the price spike. About 10 per cent of the affected people lived in urban areas. The incidence of food insecurity was 18 per cent among female-headed households, a majority of which are found the cities (CDRI, 2008).
• 20 million people in the Horn of Africa live in urban slums, and rising food prices have greatly reduced their purchasing power and wiped out their assets. Bellatu Bakane, a mother of three in Addis Ababa said, ‘I get angry because every time I go [to the market] food prices are higher’ (FAO, 2008b).

• In Mozambique, one study found the combined effects of rising fuel and food prices would be felt most acutely in urban areas, and rural areas might actually benefit. The study estimated that urban poverty rates rose by 8 percentage points as a result of higher fuel and food prices (Arndt et al., 2008).

• In Uganda, rising maize prices hurt those Ugandans for whom maize is the staple, including many poor urban residents. However, the country is self-sufficient in staple production, so urban poor people had the option of switching to cheaper, normally less favoured staples, such as matooke (cooking bananas) and cassava, which were widely available (Benson, Mugarura and Wanda, 2008). Undoubtedly, the importance of urban agriculture in provisioning Kampala also helped the city’s low-income residents to weather the storm.

One complication facing policymakers in trying to address rising urban food insecurity is the potential migration of low-income, net food purchasers from rural areas to the cities (Oxfam International, 2008b). So far, there is no evidence of urban migration to rural areas (a common phenomenon in times of urban recession), although this merits further investigation.

Growing financial difficulties since mid-2008, the ensuing global recession and deflation are unlikely to ease the hardships that urban poor people have faced. Indeed, deteriorating economic conditions mean higher unemployment and underemployment, and therefore continuing urban food insecurity.

10 Impacts: protests and violence

Higher food prices are not just a threat to the health and nutrition of poor urban (and rural) people or to economic growth (as a result of lower productivity and poorer school performance); they also pose threats to political stability and domestic tranquillity. Globally, protests over higher food prices have occurred in at least 43 countries, including some developed nations (e.g., pasta price protests in Italy). Almost all demonstrations have taken place in urban areas (AP, 2007; von Grebmer et al., 2008; FAO, 2008a). In several instances the protests turned violent, notably in Burkina Faso, Cameroon, Côte d’Ivoire, Egypt, Guinea, Haiti, Honduras, Indonesia, Kenya, Malaysia, Mauritania, Morocco, Mozambique, Pakistan, Russia, Senegal, Thailand, Tunisia and Yemen (von Grebmer et al., 2008).

According to FAO Director General Jacques Diouf, ‘Riots and civil disturbances, which have taken place in many low- and middle-income developing countries, signal the desperation caused by soaring food and fuel prices for millions of poor and also middle-class households’ (FAO, 2008b). In March 2008, following clashes with local police, a protestor in Abidjan, Côte d’Ivoire, commented, ‘We only eat once during the day now. If food prices increase more, what will we give our children to eat and how will they go to school?’ (IRIN, 2008).

There is speculation about the class basis of these protests, but so far insufficient empirical evidence as to whether most of the protests have mainly involved urban poor people, middle-income city residents who have experienced a sudden decline in their standards of living, or
some form of multi-class alliance. Even in the absence of detailed studies, it is likely that the socioeconomic basis of the protests varies across countries. It is certainly true that ‘the middle class typically has the ability to organize, lobby, and protest early on’ (von Braun, 2008b). At the same time, it is not unusual for low-income urban dwellers to support the political opposition to the national or municipal government (FANTA-2, 2008), and therefore demonstrations over food issues may indeed involve poor people but are also likely to get caught up in broader political issues. As discussed earlier, urban poor people frequently receive protection and assistance from organized crime groups, so low-income people’s legitimate political grievances are often subject to manipulation to serve the purposes of the syndicates.

Some of the countries where violent food protests took place have long histories of sometimes violent political polarization, whether between secular and religious forces (Egypt, Morocco, Indonesia, Malaysia), ethnic groups (Kenya, Malaysia, Mauritania), or proponents of democracy and supporters of authoritarian rule (Guinea, Pakistan, Thailand). Both Côte d’Ivoire and Senegal have experienced armed rebellions in recent years. In Kenya and especially Haiti, criminal elements have a strong urban presence (UN Habitat, 2007; World Bank, 2006). All this suggests that while high food prices were no doubt a major agenda item of the protestors, in a number of instances ‘food riots’ may have involved a multiplicity of issues, and urban poor people were probably not always the main organizers (see Box 2 on how these questions played out in Haiti in 2008).

Obviously, regardless of its source, policymakers favour programmes that protect city dwellers from feeling the full brunt of food price increases in large part because these have a pacifying effect on this urban discontent. For example, the Egyptian government boosted spending on its already extremely expensive food subsidy system in part to avoid the bloody riots that ensued following an abortive attempt to end subsidies in 1977 (Kliger, 2008). However, such an approach is fiscally unsustainable and, if not well targeted (as in the case of Egypt), provides limited benefits to poor people (HLTF, 2008).

Box 2: ‘Food riots’ in Haiti

In the case of Haiti, there is substantial evidence on who protested and where, and what led to violence. In the 1990s, donors encouraged the country to open its market to imports of rice, a key staple. This led to a huge influx of cheap, subsidized rice from the United States. Although this benefited urban consumers at the time, it wiped out the livelihoods of many Haitian rice farmers and accelerated urban migration. Today, 80 per cent of the rural population live in poverty. Haiti went from near rice self-sufficiency in 1990 to importing 80 per cent of what it consumes, exposing consumers to the five-fold increase in prices over the past five years (Oxfam International, 2008a; Rights & Democracy and GRAMIR, 2008). As Judith Alexandre, a street vendor in the capital, Port-au-Prince, observed, ‘I used to make breakfast for my two children before setting off for work ... but increases in food prices mean my children now go without their morning meal” (Oxfam International, 2008a).

Meanwhile, since the 1986 end of the Duvalier family’s dictatorship, Haiti has faced chronic political instability, coups and violence, with widespread corruption, organized crime and drug trafficking becoming a prominent feature of urban life. Among other things, organized crime has ties to importers who control the rice, sugar and cooking oil trade. The country is the poorest and has the highest degree of income inequality in the Western Hemisphere (Rights & Democracy and GRAMIR, 2008; Schuller, 2008; Fatton, 2002).

Cont overleaf
Over the past two years, as rice prices rose, many urban Haitians turned to desperate coping strategies, substituting cakes of clay, salt and oil to fill their stomachs. Hunger is referred to as *klowoks* (Clorox) in Haitian Créole – in reference to the burning sensation in the stomach, but also to the use of bleach to make the cities’ filthy water potable and to mask the smell of decaying meat. Rising food costs led to the cancellation of school feeding programmes that provided school-aged children with their main – or only – meal of the day (Rights & Democracy and GRAMIR, 2008; Schuller, 2008).

In April 2008, peaceful protests began in smaller towns and rural areas. In the capital, thousands of people joined the demonstrations. A few engaged in looting, burning of tyres and clashes with police and UN troops. The violence left five people dead (Rights & Democracy and GRAMIR, 2008; Schuller, 2008; Galletti, 2008). According to close observers of Haiti, there was clearly widespread discontent with food prices among the populace of the capital. The otherwise peaceful movement turned violent in Port-au-Prince through manipulation by organized crime elements opposed to the government and the UN mission (which has fought gun battles with crime gangs and helped the government to imprison many gang leaders); these criminal groups paid poor city residents to engage in violence (Galletti, 2008; Mathurin, 2008). The Haitian Senate removed the Prime Minister from office and refused to approve a new government for four months (Rights & Democracy and GRAMIR, 2008). Political opponents to the right and left of centrist President René Préval sought to gain from the unrest and political deadlock (Schuller, 2008).

In sum, high food prices evidently caused discontent among Haiti’s urban and rural poor people, the vast majority of whom live below the poverty line. Pressure from donors to open the country’s market to imported rice had left Haiti, and especially the urban populace, extremely vulnerable to international price fluctuations. However, high prices alone did not lead to violence. Rather, 20 years of political polarization, armed lawlessness, and manipulation by criminal groups seeking to bolster their position, turned an otherwise peaceful and broad protest movement into a ‘riot’.

### 11 International policy prescriptions: necessary but not sufficient for urban food security

There is a remarkable amount of consensus about how to address the global food price crisis, both in the short and long run. The Comprehensive Framework for Action (CFA) issued in July 2008 by the UN High-Level Taskforce on the Global Food Security Crisis reflects this consensus and calls for action in four areas to meet the immediate needs of vulnerable populations:

- enhance, and improve access to, emergency food assistance, nutrition interventions, and safety nets;
- boost smallholder farmer food production;
- adjust trade and tax policies; and
- manage the macroeconomic implications.

Attention to emergency assistance and safety nets can apply to both urban and rural dwellers while other measures are more relevant for rural areas, such as supporting smallholders. Adjustments to trade, tax and macroeconomic policies can have important impacts on the urban poor, if they help to moderate food price rises (HLTF, 2008).
In addition to this package, the CFA calls for additional complementary action to ‘build resilience’ in the longer term (HLTF, 2008):

- expanding social protection systems;
- sustaining smallholder-led food availability growth;
- improving global food markets; and
- developing an international consensus around biofuels.

The longer-term focus regarding social protection programmes aims to enhance government capacity to design and implement policies and programmes, improve programme efficiency, shift from unconditional to conditional assistance (e.g., by focusing on school feeding as a means to boost school enrolment, especially for girls), and improve diet quality through agricultural policy and food fortification.

These longer-term efforts to strengthen social protection could affect both urban and rural dwellers. But again, other recommendations focus much more on agricultural production and global-level marketing, such as increasing investment in technologies and infrastructure and pressuring for a more open agricultural trading system. Although these actions may help to lower average prices and improve the efficiency of the food system in the long haul, they have only indirect, and non-immediate, effects on urban dwellers (HLTF, 2008).

In fact, the CFA does call for a package of actions in addition to social protection that are focused on the urban impacts of the food crisis. These include greater support for urban agriculture and policies to foster sustainable urbanization. The latter comprises improved land-use planning to reduce transport and energy costs and more balanced development of secondary towns to contain sprawl; reduce pressure on land, energy and water resources; and facilitate the growth of agricultural markets in these centres. But, significantly, the Framework consigns discussion of these urban policy issues to sidebars and footnotes, and devotes considerably more pages to smallholder agriculture, food stocks, and tax and trade policy (HLTF, 2008).

With some variations, other international organizations and NGOs have adopted a similar set of immediate and longer-term actions. IFPRI has proposed ‘an emergency package’ and a longer-term ‘resilience package’ to address the crisis (von Braun, 2008b). FAO advocates a ‘twin-track’ approach: safety nets and social protection to ensure immediate access to food for the poor and vulnerable in both rural and urban areas, combined with smallholder-led agricultural and rural development (FAO, 2008b). Oxfam International makes similar recommendations, while also emphasizing poor people’s participation. Forum Terra Preta (2008), the parallel civil society meeting organized during the High-Level Conference, offered sharp challenges to corporate control of food systems and trade liberalization, while championing agroecology and human rights. Nevertheless, its action plan included many of the same points as the CFA, including a strong emphasis on smallholder agriculture.

In short, there was a substantial measure of policy consensus on how to approach the global food price crisis. Beyond the important area of social protection, this consensus focused primarily on rural and agricultural issues and only indirectly on the urban impacts of higher food prices. However, if they are to be effective, policies and programmes to address the problem of urban hunger in the face of food price rises need to better reflect the urban context.
12 Shaping an urban response

Most fundamentally, policy and programme responses need to cushion the shock and provide short-term supplements to income. Longer-term investments may improve the efficiency of the food distribution system and lower costs, and therefore prices, in general. Yet this will not in itself prevent food price shocks, and a strong social protection system based on income transfers still needs to be in place to deal with future price rises. The ability to respond, even in the short term, needs to be in place before the crisis occurs. An appropriate urban response might centre around three major objectives:

- preserve income;
- moderate price increases; and
- strengthen other social protection interventions to keep diversity in the diet and avoid the most harmful coping mechanisms.

Of course, these objectives apply equally to rural areas, but the nature of policy actions can differ in an urban environment.

12.1 Preserve incomes

The interaction of cash income and retail market prices is the fundamental determinant of urban food security. Because price interventions are likely to distort market price signals, and tend to be regressive, expensive to implement and politically difficult to remove, policies to improve income in the short term are favoured (Baker, 2008). A guiding principle would be to rely on an income programme that could expand easily to incorporate the most vulnerable households and so allow them to access additional income rapidly. But the programme should also have mechanisms to scale back down as the price crisis, and its pressures on income, recedes.

Subsidizing costs of production, including energy, for producers, traders or marketers, or removing existing taxes (which would amount to the same thing), are other ways to help ameliorate price increases. But this would require the government to select which products or industries benefit. And the government would almost certainly face resistance when it tried to remove the subsidy or re-apply the taxes.

Of course, the government could also face problems in trying to scale back an income supplementation programme. But use of existing social programmes familiar to citizens may help dampen this reaction. These programmes may already have targeting mechanisms (such as means-testing) that are in this case largely appropriate for identifying the most vulnerable urban households. The advantage is that citizens are already familiar with these programmes and know that there are entry and exit criteria that will determine their participation.

The severity of the crisis may mean many households will qualify without changing programme guidelines. They just need to be incorporated as quickly as possible. Or the programme may have mechanisms to allow for temporary increases in the amount of transfer that would apply even to current participants. This is important, as the World Bank estimates that 95 per cent of the income losses experienced by urban poor people in the face of rising food prices were from those who were poor before the shock rather than the ‘newly’ poor (Baker, 2008). This suggests that expanding programmes already in place could be a good mechanism to reach those most affected.
An urban environment facilitates rapid programme expansion and makes such an approach even more attractive. The programme can use mass media to quickly and reliably communicate programme availability and requirements to the target population. The government will also likely be able to use the banking system (or other commercial systems, including vending kiosks or supermarkets) to transfer income or vouchers, simplifying programme administration.

In general, targeting could occur through means-testing, which is often also easier to apply in cities, where income is usually wage or salary based. An index using criteria known to indicate income poverty is one way to refine such means-tested qualification. Programme details, including amount of transfer and qualifying criteria, would depend on the nature of the crisis. The programme might consider geographical targeting to ease administration, but urban populations tend to be heterogeneous, with fairly wealthy families living in slum areas and poor people living in areas known to house primarily higher-income classes.

All this, of course, assumes that the government already operates an effective urban safety net. In the past decades, many countries have indeed strengthened their social protection systems. Interventions might include appropriate in-kind food aid and food vouchers, but conditional cash transfer programmes (CCTs) have become increasingly popular in Latin America and in some African countries. An additional advantage provided by utilizing income-transfer channels of CCTs is that many of these programmes have health- or education-related conditionalities. This can further encourage households to maintain their investments in human capital through the period of crisis.

For example, in 2002, Brazil established Bolsa Familia, a conditional cash transfer programme that benefits 42 million low-income Brazilians and requires them to take their children to clinics and enrol them in school. Recipient families report that their access to food has improved and that they now consume more diverse diets. This and other high-priority, targeted efforts to reduce poverty and food insecurity, along with strong economic growth in recent years, have paid dividends in Brazil. Inequality and poverty have declined, while food security has increased (Cohen et al., 2008).

Others have suggested turning to public-works programmes to create jobs and incomes in response to the price crisis. But dealing with price increases is not the same as dealing with an economic downturn, when people are losing their jobs, or in generally impoverished economies where simply not enough jobs exist (which is in fact the long-term enterprise of reducing poverty). In a price crisis, people still have their jobs, but their incomes are not sufficient to cope. Public works programmes may help those without jobs to deal with the crisis better, but should not be used to attract those with jobs to new employment.

Programmes are also needed to provide unemployed youth with job training, life skills and better connections to employers (Frankenberger, Garrett and Downen, 2000). There is considerable evidence that the presence of a large pool of unemployed young people – especially young men – with uncertain livelihood prospects can contribute to political unrest (USAID, 2005).

Certainly in the long term, part of the solution is to lift more people out of poverty and provide them higher incomes and greater ability to save or access credit so they can cope with these shocks. This relies on investment in infrastructure as well as human capital and the financial system. In urban areas, as in rural, it will also require addressing issues of land and housing
security, as secure tenure helps ensure that poor people do not lose their investments in tangible assets or in social networks. Secure tenure also facilitates urban agriculture.

12.2 Moderate price increases

The policy responses needed to moderate price increases are a bit more complicated, and if not applied with care can have negative repercussions. Price interventions that prevent producers from seeing the true market price, for instance, will simply dampen their own production response, keeping prices higher than they would otherwise be. Price wedges that separate the consumer from the producer price are possible but can, as noted above, lead to unsustainable producer or consumer price subsidies.

Actions at the macroeconomic level on taxes and trade can moderate price increases, although again they may potentially distort price signals that are beneficial in the longer run. Countries could use or release food stocks from existing grain reserves, and work through international bodies to press for avoidance of export restrictions in food-exporting countries. Such restrictions could increase price volatility, reduce farmers’ incentives to produce, promote smuggling and black markets, and undermine progress towards open world agricultural markets. Governments might also temporarily reduce import tariffs and taxes on food.

Food distribution, perhaps using food stocks, is a possibility for ensuring that poor people have enough to eat by contributing to price stability. Food distribution could support humanitarian assistance or safety-net programmes, as in Peru. Community kitchens in Peru arose largely as a response to the price crisis of the early 1990s. Using commodities donated from USAID, and purchasing complementary items in bulk, women in low-income neighbourhoods in Lima came together to prepare and serve meals at lower cost than if they had prepared them at home. An additional result was that the experience led to a significant increase in the independence and empowerment of women (Garrett, 2002b).

Logistically, it is easier to distribute food in urban areas. If the distributed foods are vitamin and mineral fortified, or the government carries out micronutrient supplementation, this will help families maintain necessary consumption levels, even if they cut back their purchases on other nutrient-rich foods.

The ability of food distribution to address the problem, however, will normally require international organizations to be nimbler than they were in this case. These agencies must be able to respond quickly, forcefully, and with sufficient quantities of food and funds. In this crisis, Oxfam criticized the international community for failing to deliver on promises made at the High-Level Conference on World Food Security held at FAO in June 2008, noting that by mid-October donors had handed over just $1 billion of the $12.3 billion they had pledged in support of the CFA (Oxfam International, 2008b). In the worst scenario, the crisis may have even passed before relief arrives. Without up-front investment in international mechanisms for crisis response, such as a globally coordinated system of national food reserves or a pool of cash (similar to the UN Central Emergency Response Fund), international organizations will have no choice but to mount similar ad hoc appeals when the next crisis hits.

National, sub-national and municipal authorities should also move to improve the efficiency of urban markets and their links with surrounding rural areas of production. Lowering the cost of business will help traders lower their prices. Partnering with the wide range of stakeholders who have an interest in the work (and who can, in urban areas, quickly bring it to a halt), government
authorities must ensure wholesale and retail markets are properly planned and supervised, with facilities for parking, unloading, weighing, packaging and storage. Microcredit programmes can help traders, including street vendors, finance improve hygiene and storage (FAO, undated).

To cut costs further, authorities can promote itinerant and weekly markets and farmers’ markets. They can support them with specific but not burdensome regulations and logistical support. Facilitating physical access to markets may require additional investment in roads, parking or public transportation, and even relocation of specific market functions, to relieve pressure on congested urban centres. Importantly, authorities should consider how to link more closely to surrounding production areas, and shorten the supply chain while at the same time making it more cost efficient. Facilitating participatory dialogue among consumer, trader and transport associations may lead to insights about how to improve market efficiencies further, and reduce time and cost involved in resolving disputes (FAO, 1999).

Investment in infrastructure and production technologies will similarly lower the costs of doing business for producers and traders. Investment in and incentives for more widespread use of information technologies (also easier in urban areas) will allow for sharing of information on costs of production and prices. This, along with promulgation of clear and non-bureaucratic regulations, can encourage fair and open competition among producers and traders, which will moderate pass-through of price increases to the consumers. Investment in projects to improve energy efficiency will also, in the long run, strengthen the ability of the production, processing and marketing system to respond to increased demand for food at less risk of disruption from spikes in oil prices.

12.3 Strengthening coping mechanisms

Other actions could strengthen social protection and coping mechanisms in urban areas, and help to protect food security (particularly diversity in the diet) and human capital.

Food banks represent another possibility that may be particularly appropriate for an urban setting, but are not yet widespread in developing countries. A food bank is a non-profit organization that collects excess (unsaleable), often perishable, food as donations from supermarkets, restaurants, cafes or companies including manufacturers and processors. In developing countries, donations could also easily come from wholesale and retail markets and street vendors. And government agencies or NGOs can use food banks as part of their food distribution system.

Urban agriculture remains one underappreciated avenue to improve urban food security. Municipal authorities in many cities still do not understand how to incorporate support for urban agriculture into planning, or remain concerned about environmental effects. Municipal governments should develop an appropriate legal and regulatory framework that facilitates urban agricultural activities, moves them into the formal economy, and addresses food safety and health concerns raised by unsanitary production practices in urban and peri-urban areas. City authorities should formulate policy through a consultative process that engages all stakeholders, including urban farmers, consumers and marketing agents. The process used by the Kampala city government to develop its urban agriculture ordinance offers a good model. Another lesson from the Kampala experience is that it is valuable to have a department within the municipal government that focuses on food and agriculture issues as its core mission (IDRC, undated; Cole, Lee-Smith and Nasinyama, 2008; Redwood, 2008). Efforts to regulate
urban agricultural irrigation with wastewater can draw on guidelines that the World Health Organization developed in 2006 (Redwood, 2008).

Street foods are important to many urban dwellers, providing a cheap, nutritious and easily available source (as well as providing vendor jobs for poor urban women). Given street foods’ importance, municipal authorities should give vendors hygiene training, insisting on an adequate and consistent enforcement of local food regulations and improving basic infrastructure so as to ensure hygienic food preparation (Cohen et al., 2008). Recognizing and collaborating with associations of street food vendors can help facilitate compliance with food safety regulations (Maxwell et al., 2000). Such policies can assure public health while also enhancing food availability for urban poor people.

Although often overlooked as part of a food security strategy, civil society should also consider how to enhance the quality of urban governance and social cohesion. Urban residents can develop strong social capital, but it often goes outside geographical boundaries. Some neighbourhoods have strong civic associations, but more likely bonds are formed across ethnic, religious or political lines.

In the long term, and with the aim of fostering appropriate local solutions, municipal government and civil society organizations should facilitate poor people’s ability to organize and articulate demands to local authorities. At the same time, they should strengthen the municipality’s capability to respond to its citizens (Garrett, 2000). Where community cohesion is weak, community infrastructure development projects, such as improving water and sanitation facilities, can help establish trust and mechanisms for further cooperation, especially when projects engage community members in planning and management (Frankenberger, Garrett and Downen, 2000; IFPRI, 2002). Stronger interpersonal ties may ease coping strategies, such as obtaining credit or sharing food, in the future.

13 Conclusion

Short-term shocks, such as rising prices and natural disasters, are a fact of life, both in the North and South and in towns and countryside alike. The measures included in the UN CFA and the policies we recommend in the preceding section are appropriate responses to these shocks and can help reduce vulnerability. Preparedness measures – the most important of which for urban people is the putting in place of temporary social protection programmes that can enrol affected people when shocks occur, or increase benefit levels for those already participating and target benefits to those most in need – are essential if responses to shocks are to be effective.

It is also important to have good monitoring and information systems in place, so that governments and civil society know when and where to deploy response measures and can do so quickly. The engagement of potential beneficiaries in monitoring activities and in the design and management of programmes can help assure their effectiveness. Preparedness for the next crisis will also reduce the likelihood that governments, in the heat of crisis and with an eye on quelling potential or actual urban unrest, take ad hoc, quick-fix measures that may have unintended negative side effects. Such measures include export embargoes or untargeted and unsustainable food price subsidies. Another lesson of the recent food price crisis is that preparedness measures need international cooperation and coordination, so that each global
emergency does not require yet another time-consuming global pledging effort, followed by further delays in developing a comprehensive plan of action.

Further research is needed to help formulate appropriate policies to ensure sustainable urban food security and to build resilience against future shocks. In particular, more knowledge is needed about the nature of employment and labour markets in urban areas of developing countries, so that policies can help foster economic security. Comprehensive and systematic studies are needed on the value of urban agriculture, and so far, knowledge is limited on how to scale up successes in this field. In addition, rural–urban links remain poorly understood; in particular, additional studies are needed on how the food price crisis affected migration patterns between towns and the countryside, and what the impacts of the current recession are on those same patterns. Finally, more studies are needed on when higher urban food prices are likely to spark a violent reaction, and who is likely to participate in protests and violence. Such studies would help policymakers understand how best to design policies and programmes to reduce the likelihood of political instability resulting from volatile prices.
14 References


Garrett, J. (2002b) ‘Peru – community kitchens’ in Living in the City, IFPRI Issue Brief No. 9, IFPRI, Washington, DC.


International Development Research Centre (IDRC) (undated) Achieving the Millennium Development Goals One Neighbourhood at a Time, IDRC, Ottawa.


Recent publications by IIED's Human Settlements Group

All working papers can be downloaded at no charge from www.iied.org

**HUMAN SETTLEMENTS WORKING PAPER SERIES:**

**-POVERTY REDUCTION IN URBAN AREAS**

20. *Poverty lines and lives of the poor: underestimation of urban poverty, the case of India* – Bapat, Meera (2009)
18. *Urban Poor Funds; Development by the People for the People* – Mitlin, Diana (2008)
15. *Catalysing Pro-Poor Development; the Role of Savings and Savings Organizations: Key Issues arising from an International Workshop on Housing Finance and Poverty, Bangkok, June 2004* – Mitlin, Diana (2005)
12. *A Decade of Change: From the Urban Community Development Office (UCDO) to the Community Organizations Development Institute (CODI) in Thailand (increasing community options through a national government development programme)* – Boonyabancha, Somsook (2003)

Previous papers in this series can be downloaded free of charge from http://www.iied.org/pubs/search.php?s=WPPR

See also several issues of the journal *Environment and Urbanization* on urban poverty/urban poverty reduction, including 13:1 (2001) on *Rethinking aid to urban poverty*; 13:2 (2001) on *Civil society in action; transforming opportunities for the urban poor*; 17:1 (2005) on *Meeting the Millennium Goals in urban areas*; 17:2 (2005) on *Chronic poverty*; and 19:2 (2007) on *Finance for low-income housing and community development*. All the papers in these issues, except for those published in the last two years, can be accessed at no charge at: http://eau.sagepub.com/

**-RURAL–URBAN INTERACTIONS**

17. *Migration, local development and governance in small towns: two examples from the Philippines* - Basa, Charito and Lorna Villamil with Violeta de Guzman (2009)

Previous papers in this series can be downloaded free of charge from http://www.iied.org/pubs/search.php?s=RUWP

See also some issues of the journal Environment and Urbanization on rural–urban linkages, including 15:1 (2003) on Rural–urban transformations and 8:1 (1998) on Beyond the rural–urban divide. All the papers in these issues can be accessed at no charge at: http://eau.sagepub.com/

-URBAN ENVIRONMENTAL ACTION PLANS
A series of ten reports focusing on Local Agenda 21 in Nakuru, Kenya: Windhoek, Namibia; Durban, South Africa; Penang, Malaysia: Rufisque, Senegal: Leicester, UK: Manizales, Colombia: Ilo, Peru: Peru: Chimbote, Peru. (2001)

All of these papers can be downloaded free of charge from http://www.iied.org/pubs/search.php?s=LA21

See also some issues of the journal Environment and Urbanization on related topics. Four issues are on Sustainable cities: 4:2 (1992); 10:2 (1998); 11:2 (1999) and 12:2 (2000). Two issues are on Ecological urbanization: 18:1 and 18:2 (2006). All the papers in these issues can be accessed at no charge at: http://eau.sagepub.com/

Note:- The Human Settlements Discussion Paper Series (Water, Climate Change and Cities, Urban Environment and Urban Change have now been re-titled as part of the Working Paper Series)

-WATER
5. Sanitation in urban poor communities in Africa: Challenges and solutions – Mulenga, Martin (forthcoming)

**URBAN CHANGE**

1. *The Scale of Urban Change Worldwide 1950–2000 and its Underpinnings* – Satterthwaite, David (2005) (See Urban Change 4, which is an updated and expanded version of this)

**CLIMATE CHANGE AND CITIES**

3. *Towards pro-poor adaptation to climate change in the urban centres of low and middle-income countries* – Moser, Caroline and David Satterthwaite (2008)

**URBAN ENVIRONMENT**


**URBANIZATION AND EMERGING POPULATION ISSUES**

(A joint publication series with the United Nations Population Fund)

1. *Is urbanization contributing to higher food prices?* – Stage, Jesper, Jørn Stage and Gordon McGranahan (2009)

**EARTHSCAN BOOKS**

*Adapting Cities to Climate Change: Understanding and Addressing the Development Challenges*, edited by Jane Bicknell, David Dodman and David Satterthwaite (2009)


*Scaling Urban Environmental Challenges; From Local to Global and Back*, edited by Peter J Marcotullio and Gordon McGranahan (2007)

Water and Sanitation in the World’s Cities 2006; Meeting Development Goals in Small Urban Centres, prepared for UN–Habitat by IIED (2006)


Air Pollution and Health in Rapidly Developing Countries, edited by Gordon McGranahan and Frank Murray (2003)


**HiFi NEWS**

HiFi News is a newsletter produced by IIED with the Asian Coalition for Housing Rights on housing finance and resource mobilization. It provides information on housing finance projects and programmes in the South and gives details of recent publications. For more details see: http://www.iied.org/pubs/search.php?s=HIFI

**ENVIRONMENT AND URBANIZATION**

A twice-yearly journal now in its twenty first year, this is one of the most cited and widely distributed international journals on urban issues. Each issue has a special theme and includes 9–14 papers and a guide to the literature on that theme, has profiles of innovative NGOs (in some issues) and Book Notes – which includes summaries of new books, research reports and newsletters and how these can be obtained (including those in Spanish, French and Portuguese).

The contents list and selections from the most recent issue are accessible at: http://www.environmentandurbanization.org/eandu_details.html.
The on-line edition is accessible at http://eandu.sagepub.com/; all issues (from the first issue in 1989) are available on-line from this site and all but the issues from the last two years are available at no charge.

HOW TO OBTAIN WORKING PAPERS: Printed versions can be obtained from Earthprint Ltd, PO Box 119, Stevenage, Hertfordshire SG1 4TP, UK; T: +44 1438 748 111; F: +44 1438 748 844; E-mail: customerservices@earthprint.com; Web: www.earthprint.com, for US$ 20 each plus postage and packing (for the UK, US$ 5 for the first item, US$ 2.50 for additional items; for Europe, US$ 6 for the first item, US$ 3 for additional items; for elsewhere, US$ 10 for the first item, US$ 5 for additional items). All working papers are free to download at www.iied.org.

HOW TO OBTAIN BOOKS: These are available from Earthscan Publications, 8–12 Camden High Street, London NW1 0JH, UK; E-mail: earthinfo@earthscan.co.uk; Web: www.earthscan.co.uk; also available in bookstores. In the USA, available from Earthscan, 22883 Quicksilver Drive, Sterling, VA 20166-2012, USA. In Canada, available from Renouf Publishing Company, 1-5369 Canotek Road, Ottawa, Ontario K1J 9J3, Canada; E-mail: orderdept@renoufbooks.com. The Earthscan website also has details of Earthscan representatives and agents in all other countries.

HOW TO OBTAIN HI-FI NEWS: If you wish to be added to the postal or e-mail mailing list for this free newsletter, contact Human Settlements Programme, 3 Endsleigh Street, London WC1H 0DD; T: +44 (0)20 7388 2117; F: +44 (0)20 7388 2826; E-mail: humans@iied.org

HOW TO OBTAIN ENVIRONMENT AND URBANIZATION: Since 2006, Environment and Urbanization has been published by Sage Publications, and subscriptions and back issues can be ordered from them at: http://eau.sagepub.com/.

**Subscription prices for high-income nations:**
- Institutions £314 or US$ 581 (print and e-access)
- Charities £99 or US$ 178 (print and e-access)
- Individuals £40 or US$ 72 (print only)
- Single print issue £26 or US$ 47 (individuals); £169 or US$ 313 (institutions)

Order on-line for UK, the rest of Europe and Australasia:
http://www.sagepub.co.uk/journalsSubscribe.nav?prodId=Journal201733
Order on-line for Northern America:
http://www.sagepub.com/journalsSubscribe.nav?prodId=Journal201733

**Subscription prices for low- and middle-income nations:**
All nations in Africa and Latin America are within the low- and middle-income nation category; so too are all Asian nations, with the exception of Japan, Hong Kong, South Korea and Singapore.

- Institutions £59 or US$ 107 (print and e-access)
- Individuals £20 or US$ 36 (print only)
- Students £13 or US$ 24 (print and e-access)

Order on-line for Middle East and Africa:
http://www.sagepub.co.uk/journalsSubscribe.nav?prodId=Journal201733
Order on-line for Central and South America:
http://www.sagepub.com/journalsSubscribe.nav?prodId=Journal201733

Searchable database with details of all papers ever published in *Environment and Urbanization*:
http://eandu.poptel.org.uk.

Free subscriptions are available to NGOs and teaching/training institutions in Africa and in low- and middle-income countries in Asia and Latin America that have difficulty obtaining foreign exchange; contact IIED (eandu@iied.org).

*Environment and Urbanization* Briefs: A five page summary of each issue of *Environment and Urbanization* is available in print and electronically; to receive this, e-mail us at humans@iied.org.