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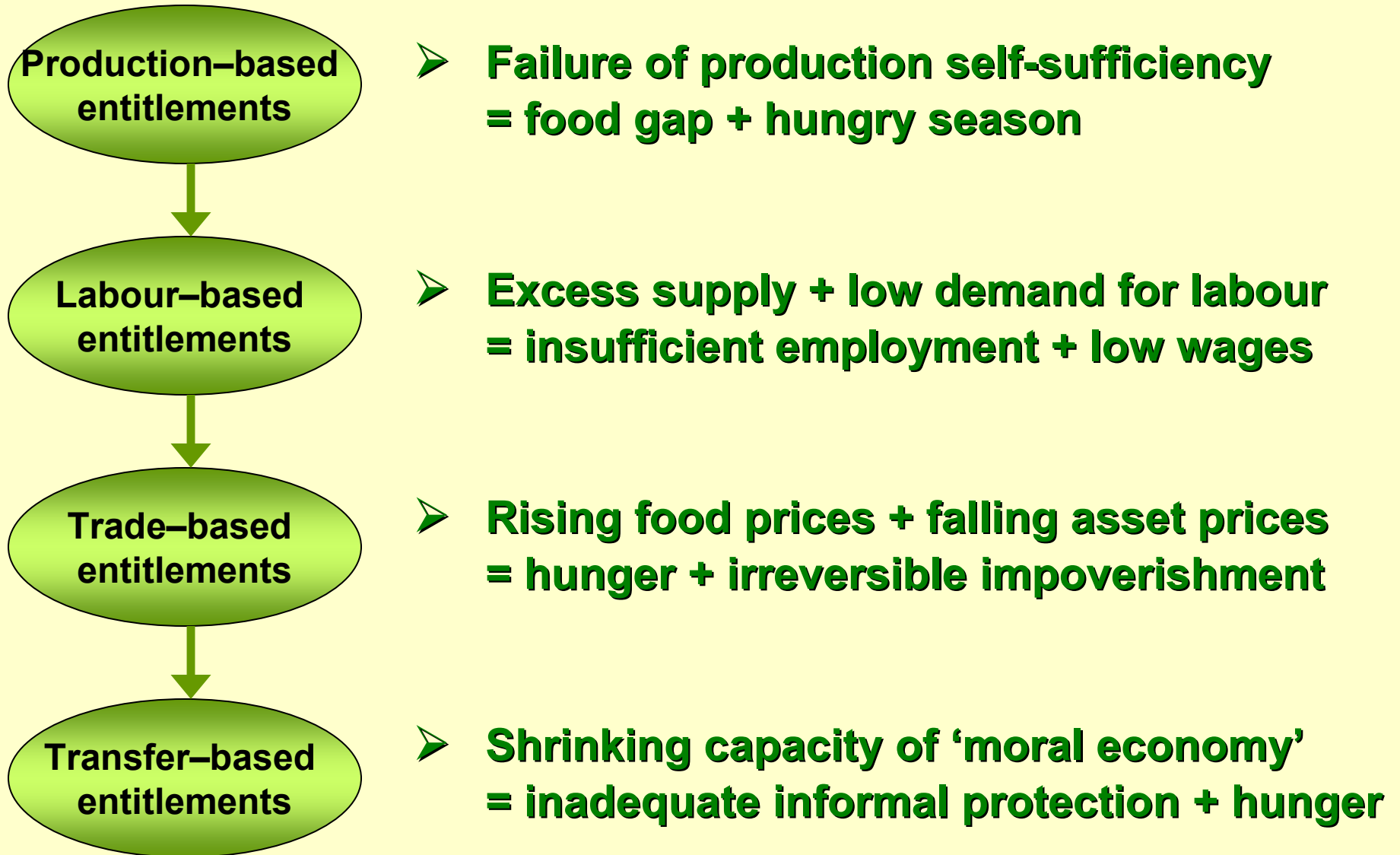
Social Protection and Seasonality:

**Can cash transfers be used to combat
seasonal hunger in rural areas?**

Stephen Devereux
Institute of Development Studies

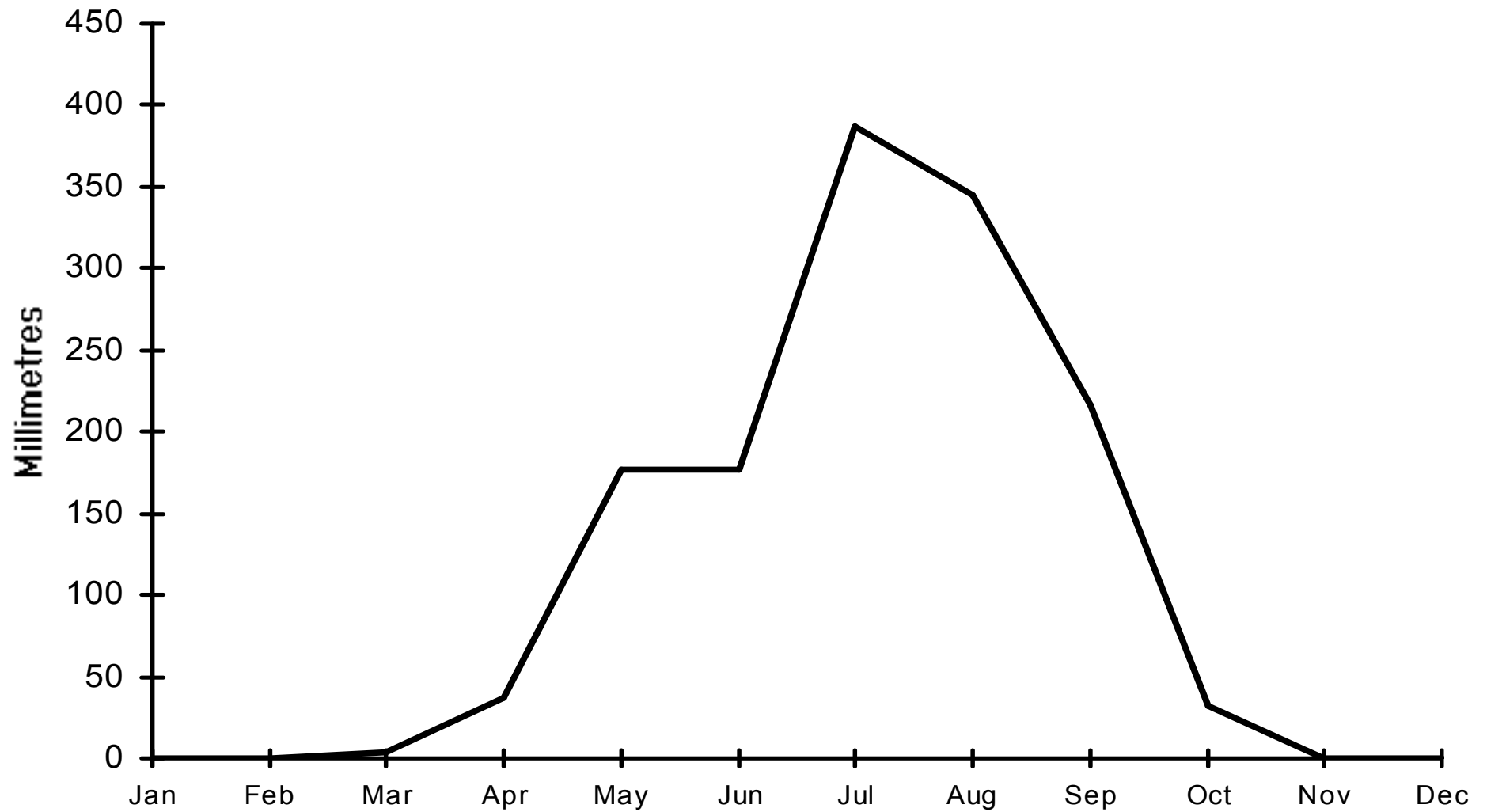
ODI, 13 November 2007

Seasonality as a sequence of “food entitlement failures”



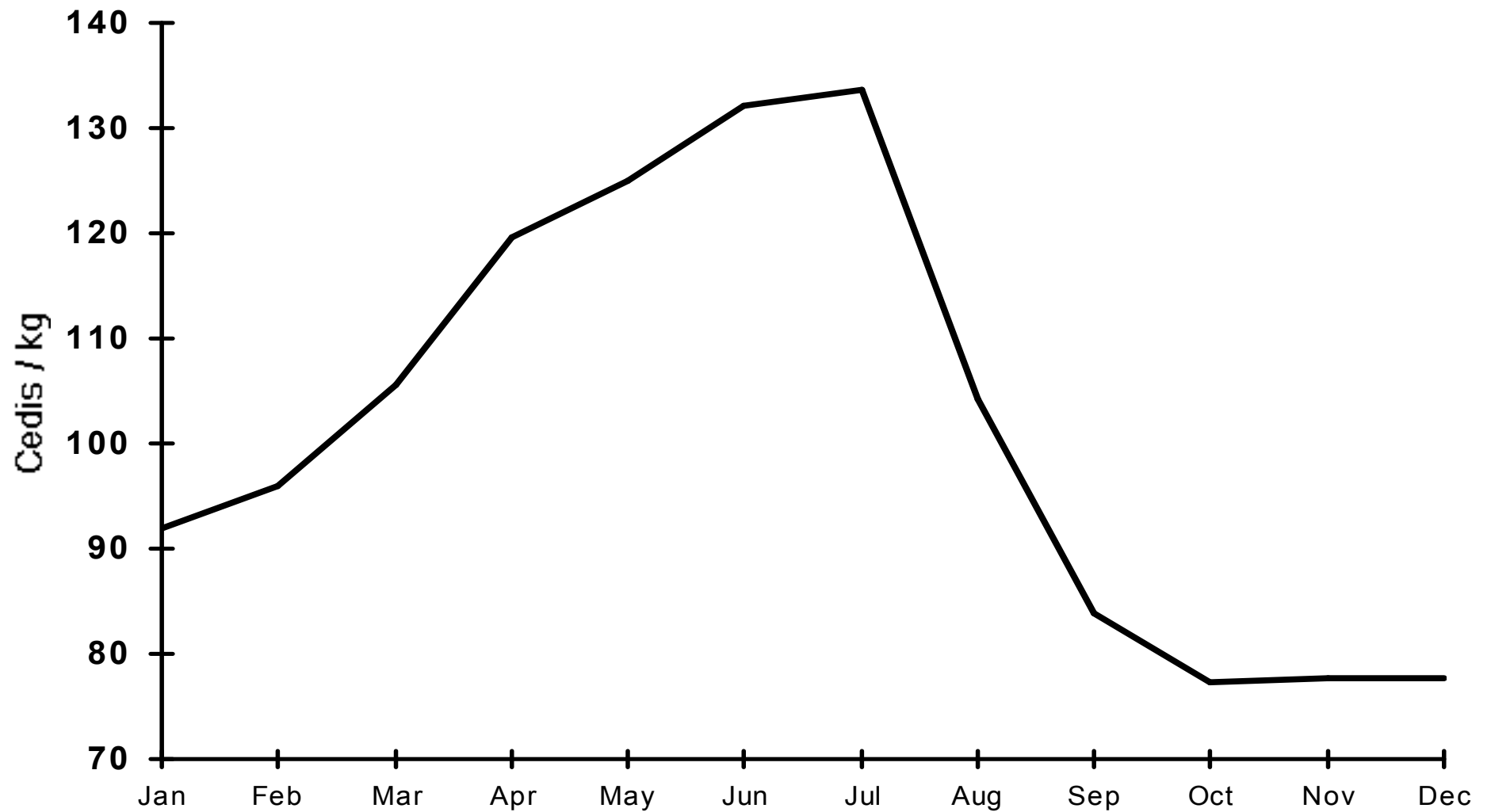


Monthly Rainfall in Northern Ghana



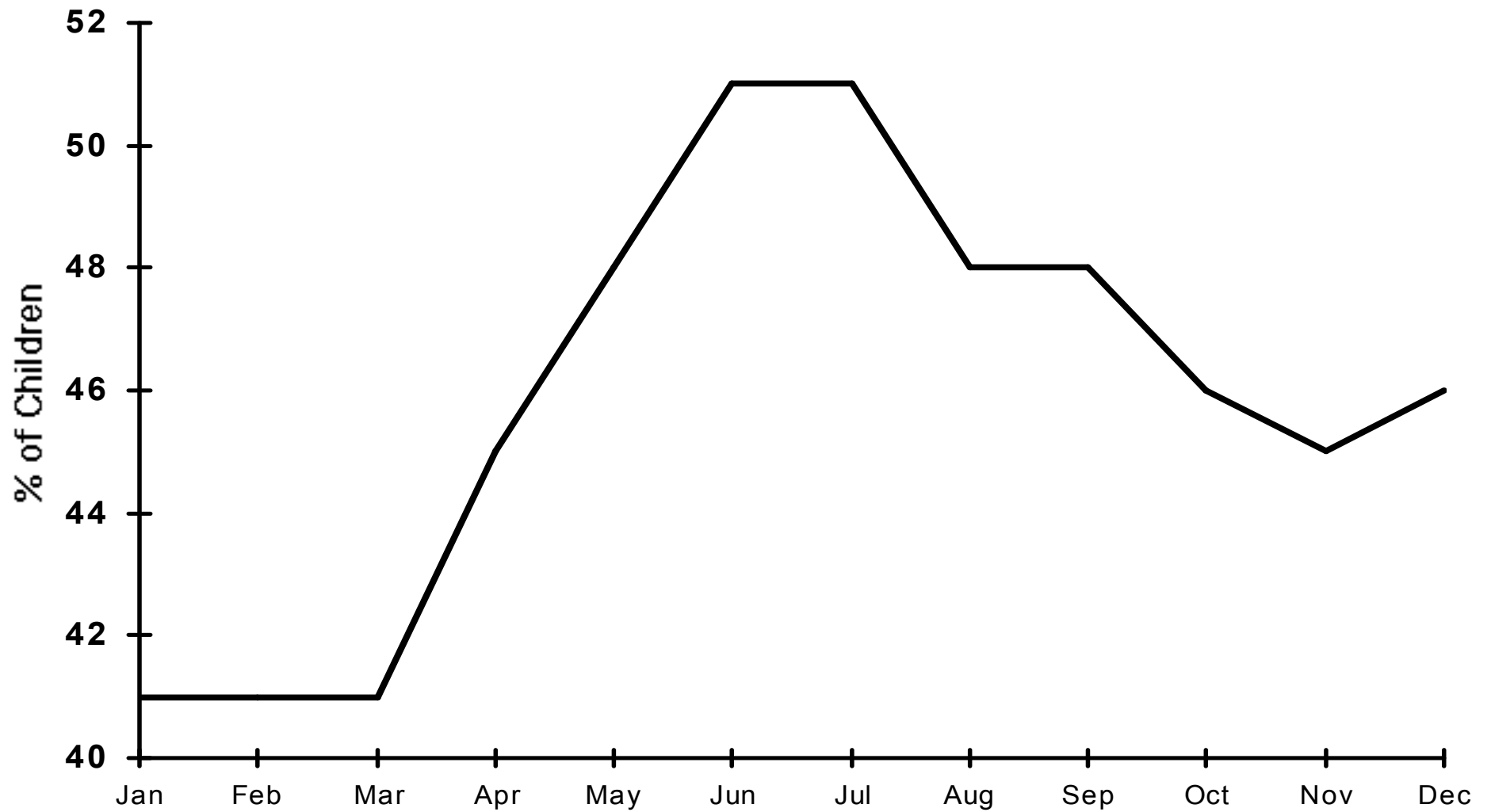


Retail Maize Prices in Northern Ghana



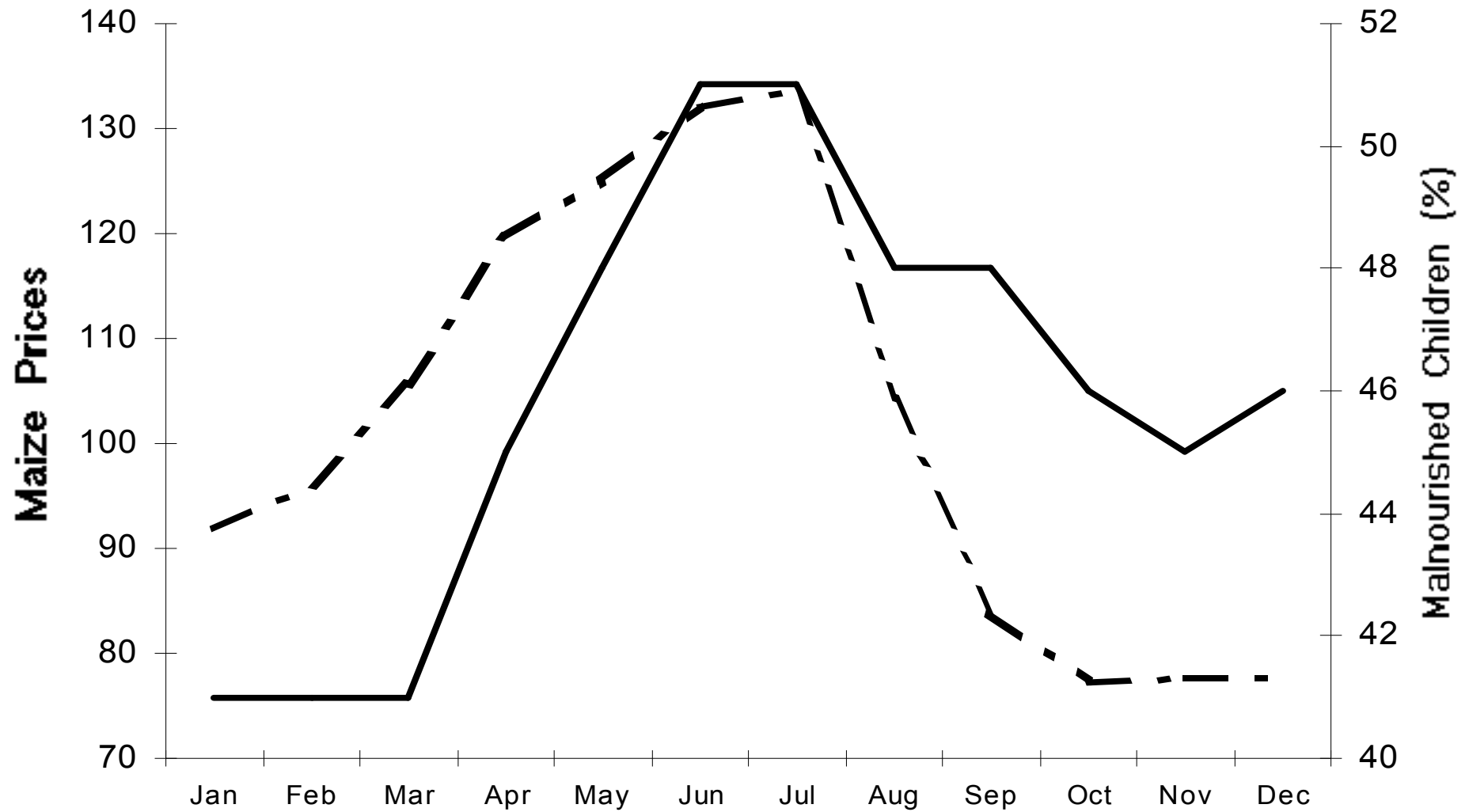


Malnourished Children in Northern Ghana



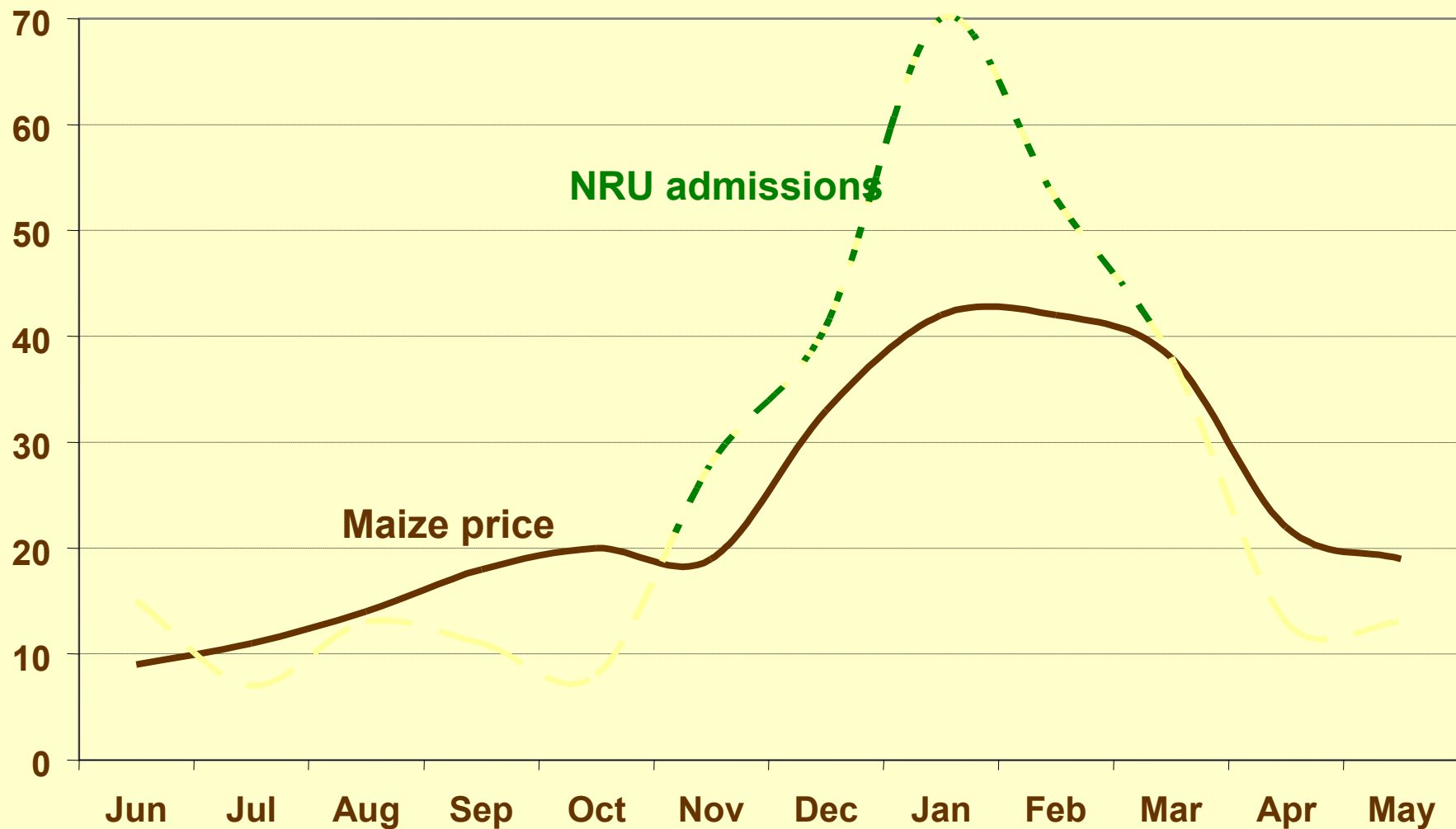


Maize Prices and Malnutrition in Northern Ghana





Maize prices and NRU admissions in Malawi, 2005/6



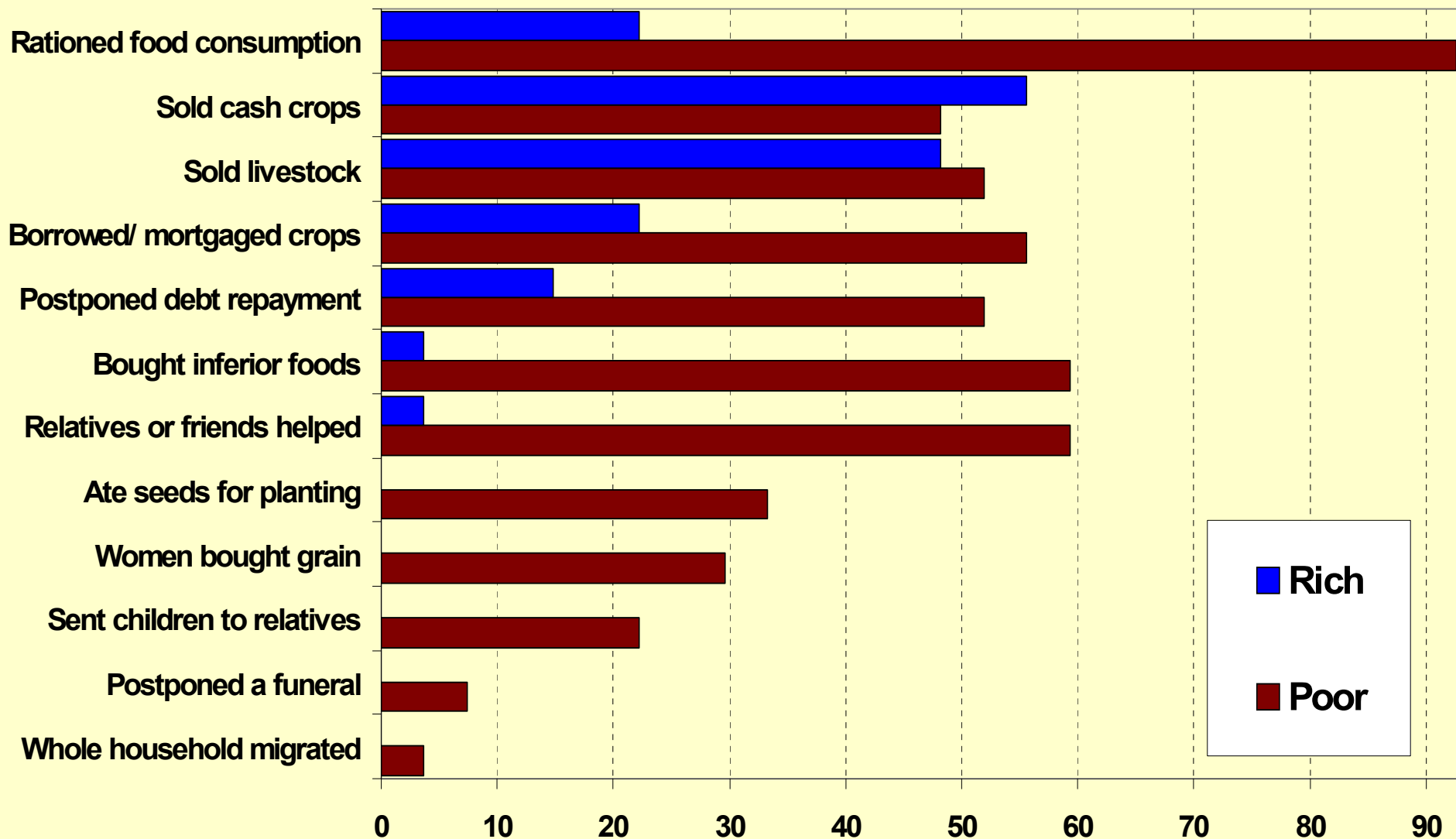


“Coping” with seasonality in Africa

- Ghana 1988/89
- Namibia 1992/93
- Malawi 1999
- Malawi 2002
- Ethiopia 2006

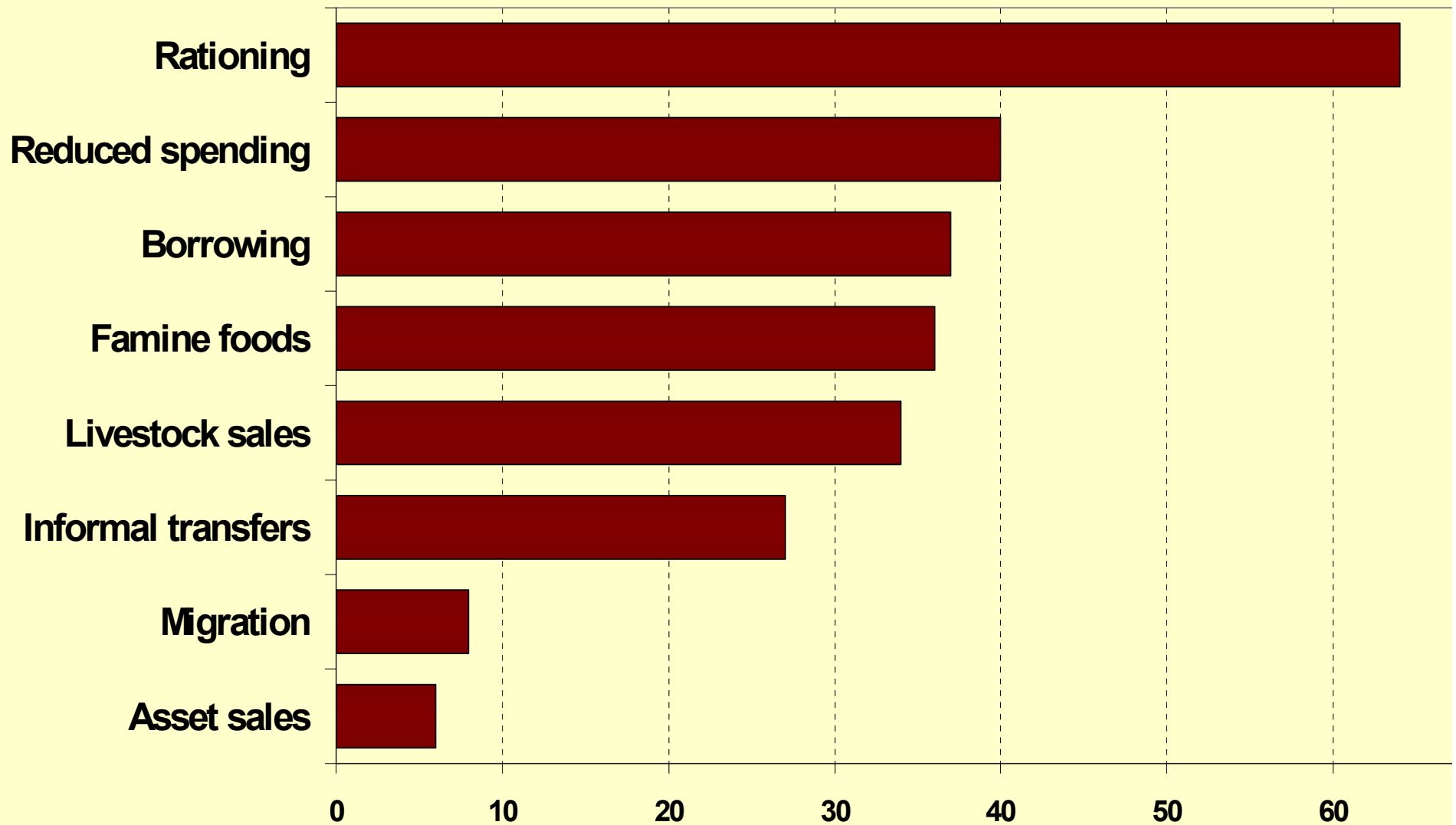


“Coping strategies” in northern Ghana, 1988



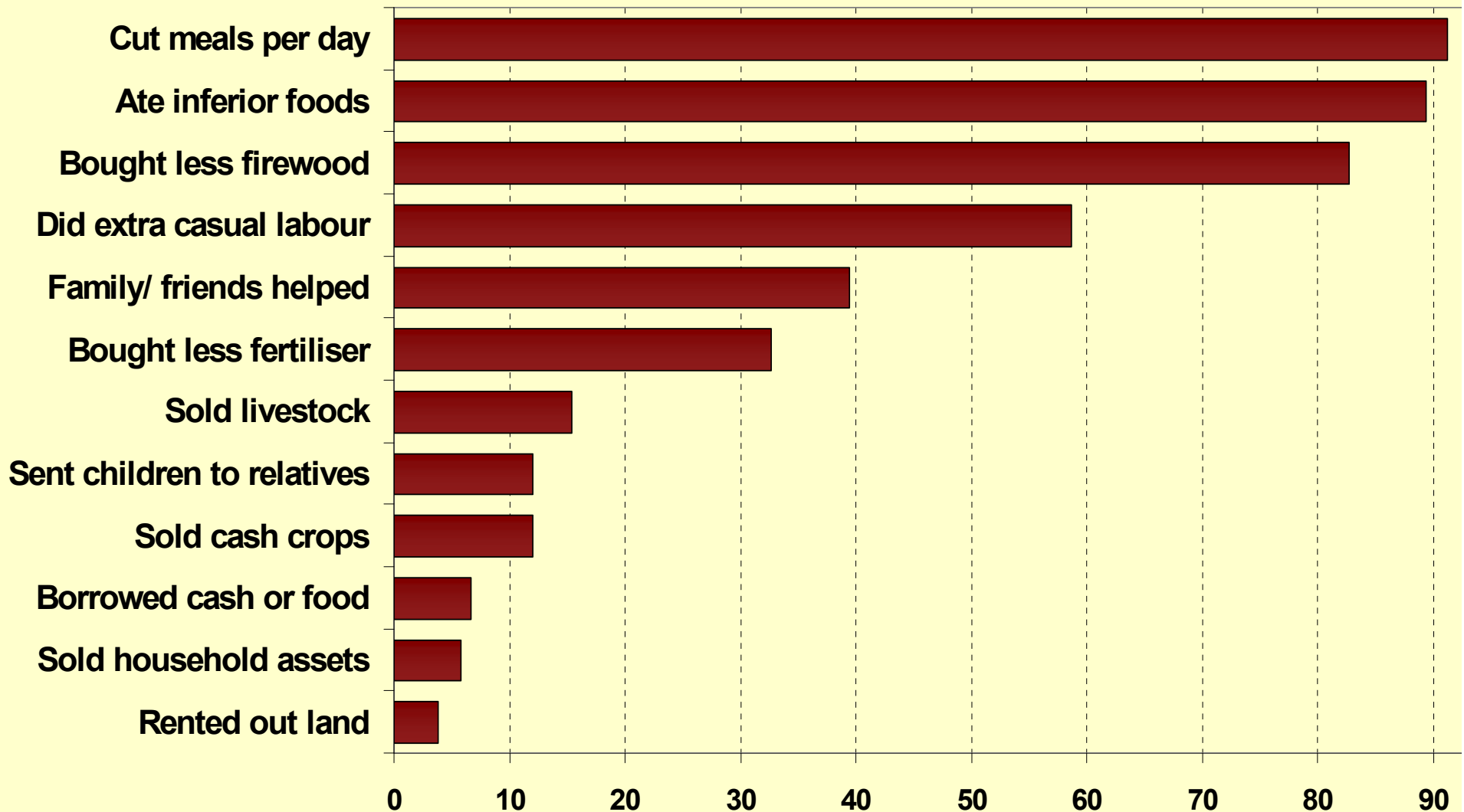


“Coping strategies” in Namibia, 1992



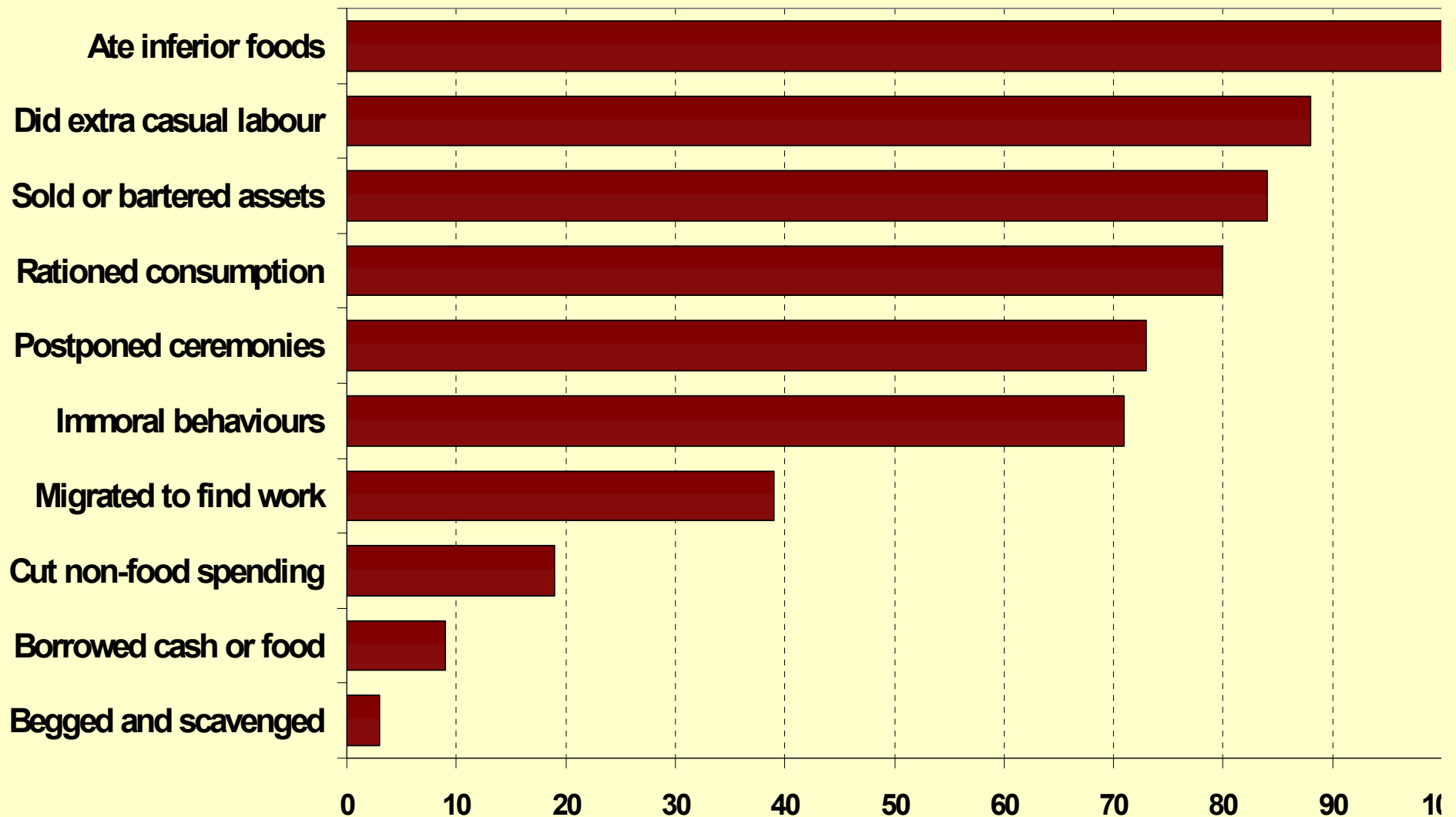


“Coping strategies” in Malawi, 1999



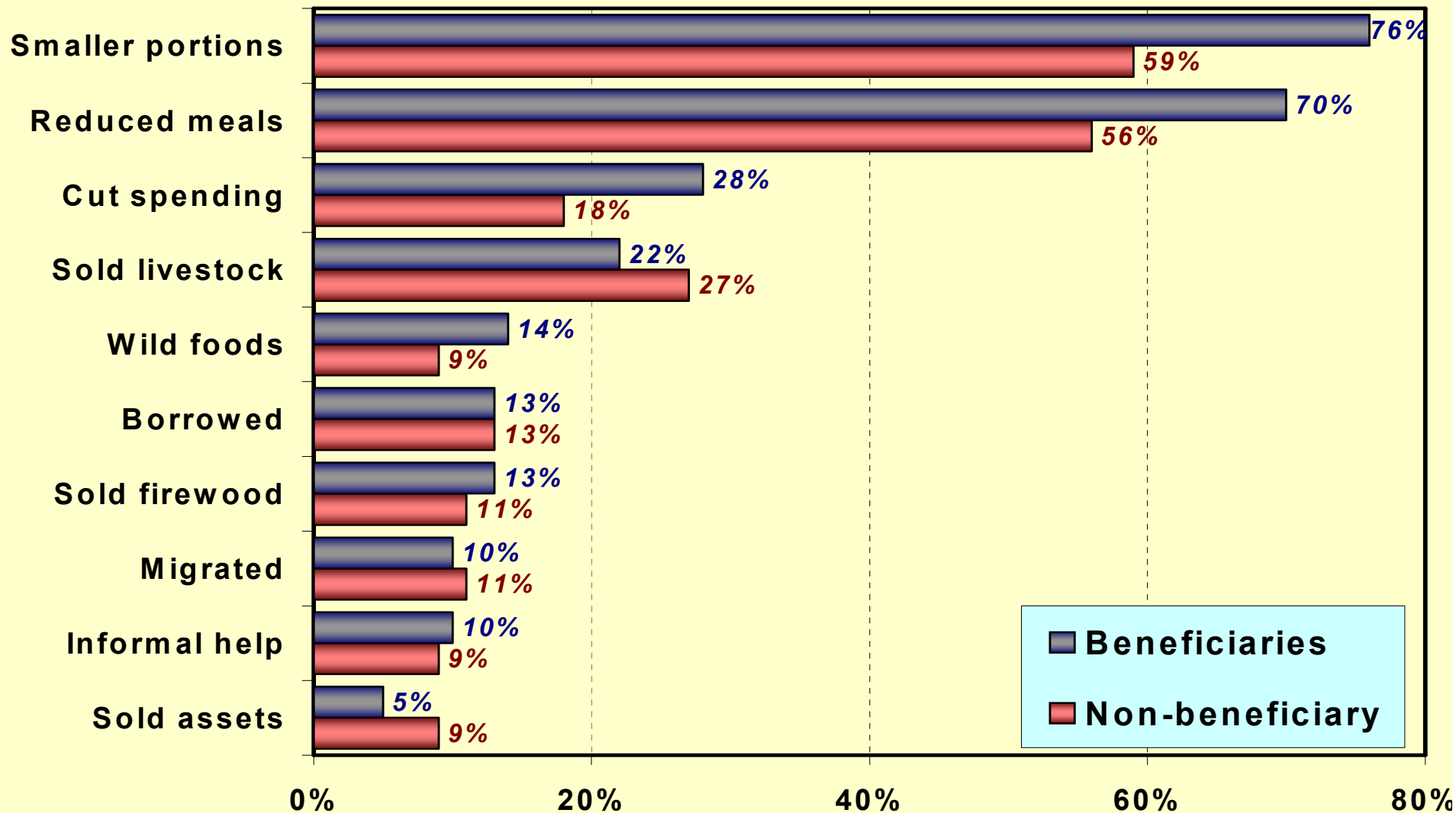


“Coping strategies” in Malawi, 2002



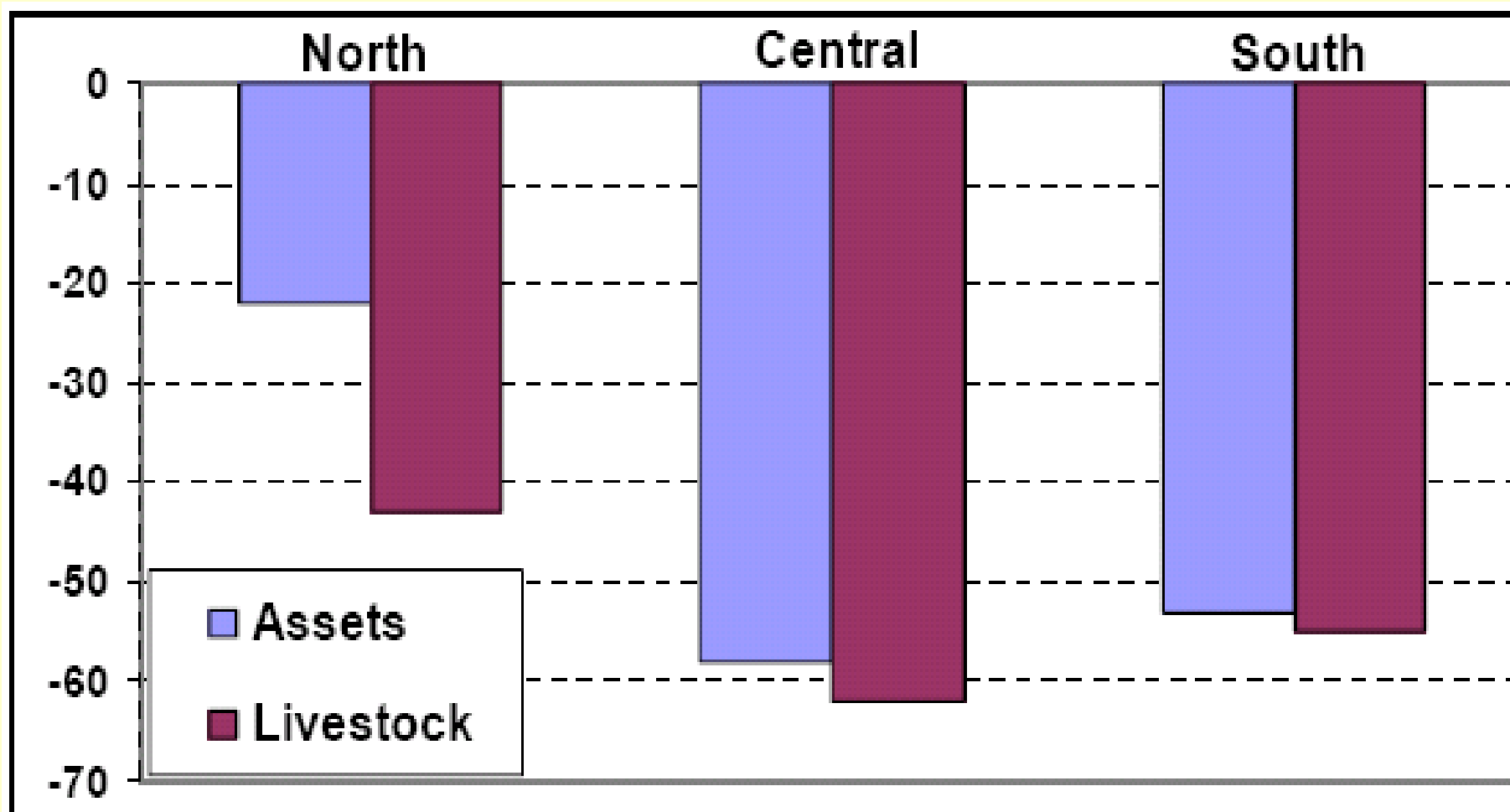


“Coping strategies” in Ethiopia, 2006

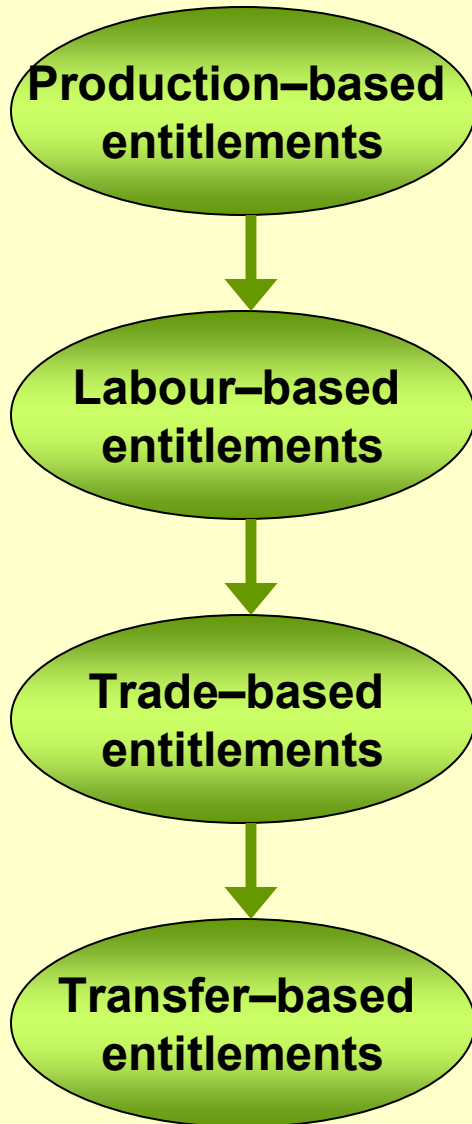




Why “coping” is not: Value losses on asset sales in Malawi, 2002



Historic responses to seasonal food entitlement failures



- **Input subsidies:**
'FSRP' ⇒ 'Starter Packs' in Malawi
- **Public works programmes:**
EGS in Ethiopia ⇒ EGS in Maharashtra
- **Pan-seasonal pricing:** **GFDC in Ghana**
Grain reserves: **SGR in Malawi**
- **Food price subsidies, food aid**

That was then, but this is now...

Production-based entitlements

- Input subsidies are back!
[Malawi]

Labour-based entitlements

- Public works are still with us...
[PSNP in Ethiopia]

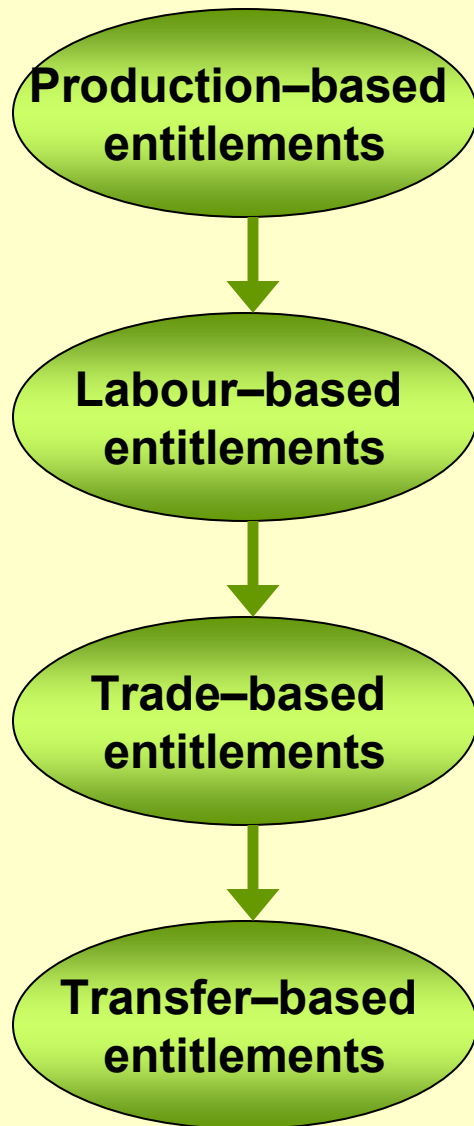
Trade-based entitlements

- No revival of food price subsidies?
No nostalgia for marketing parastatals?

Transfer-based entitlements

- Food aid ⇒ Cash transfers
[Ethiopia + Ghana + Malawi]

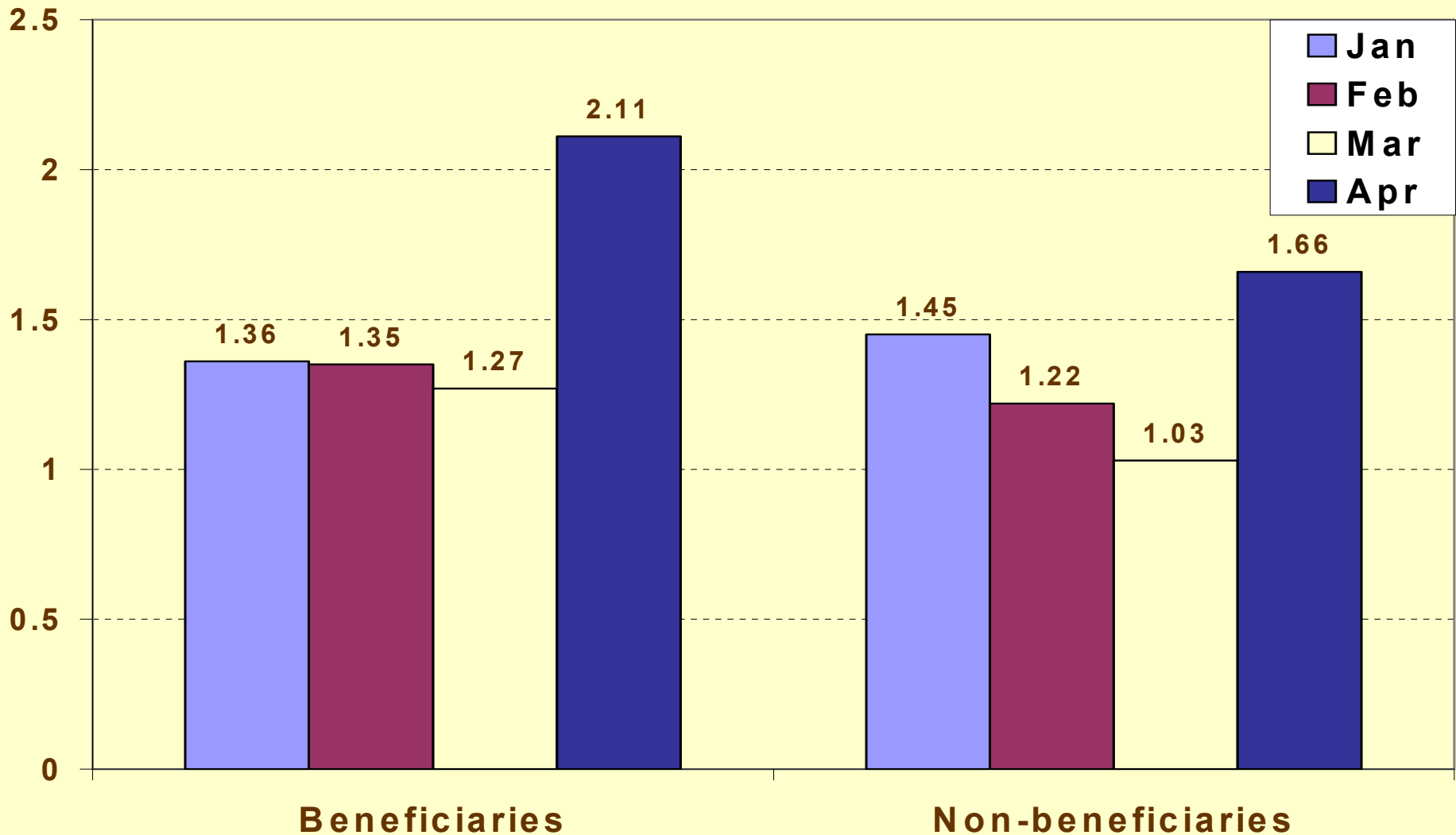
How cash transfers will eradicate seasonal hunger



- **Investment of cash transfers in agriculture will eliminate the hungry season food gap** [*= 'over-funding' or mis-targeting?*]
- **Cash transfers will reduce excess supply of labour and force up rural wages** [*some evidence from India and Malawi*]
- **Cash will attract traders, markets will integrate and food prices will stabilise** [*so why is the PSNP reverting to food?*]
- **Informal redistribution of cash transfers will extend social protection to everyone** [*but food redistribution > cash*]

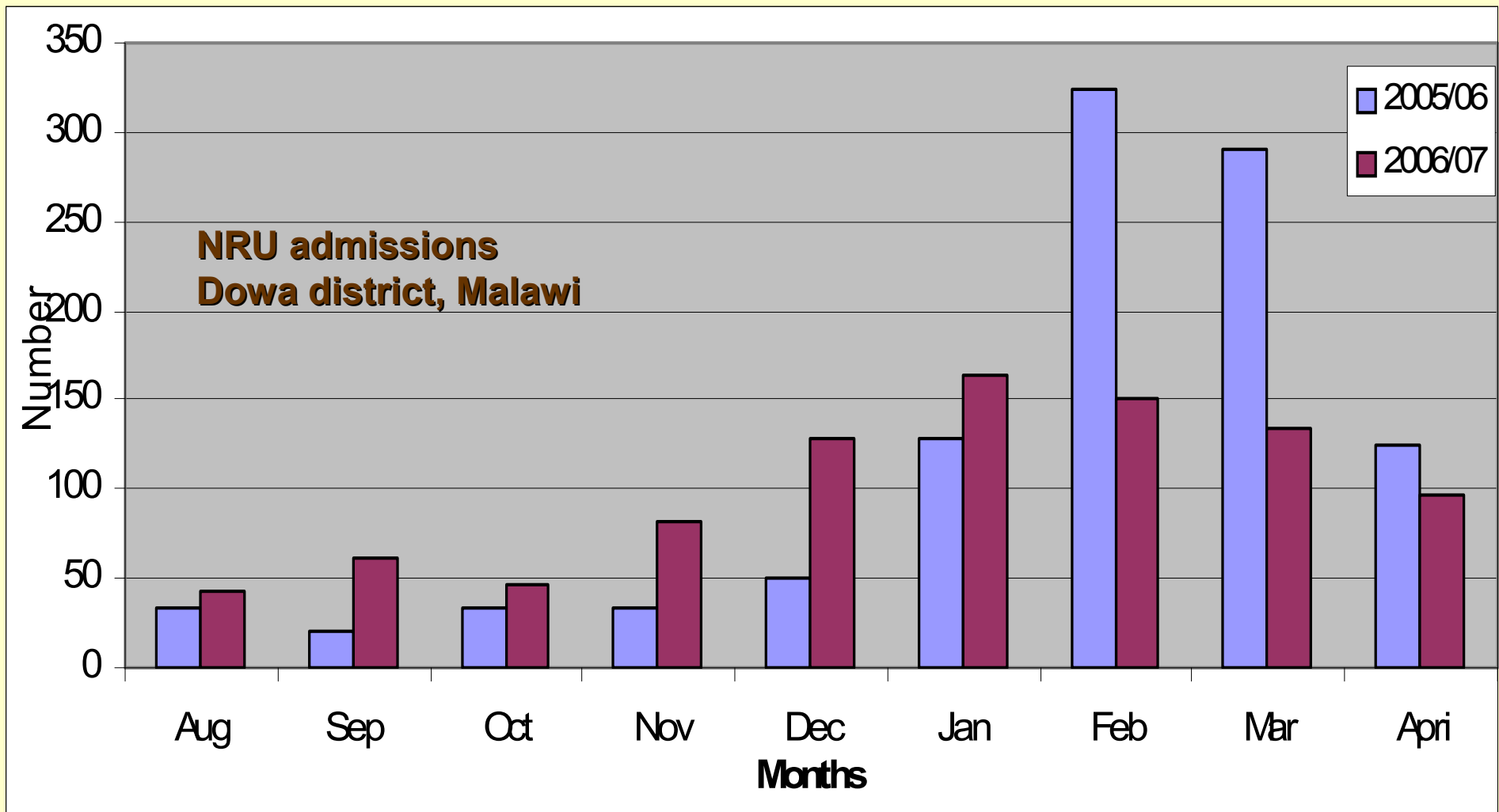


(1) Cash transfers do protect food consumption



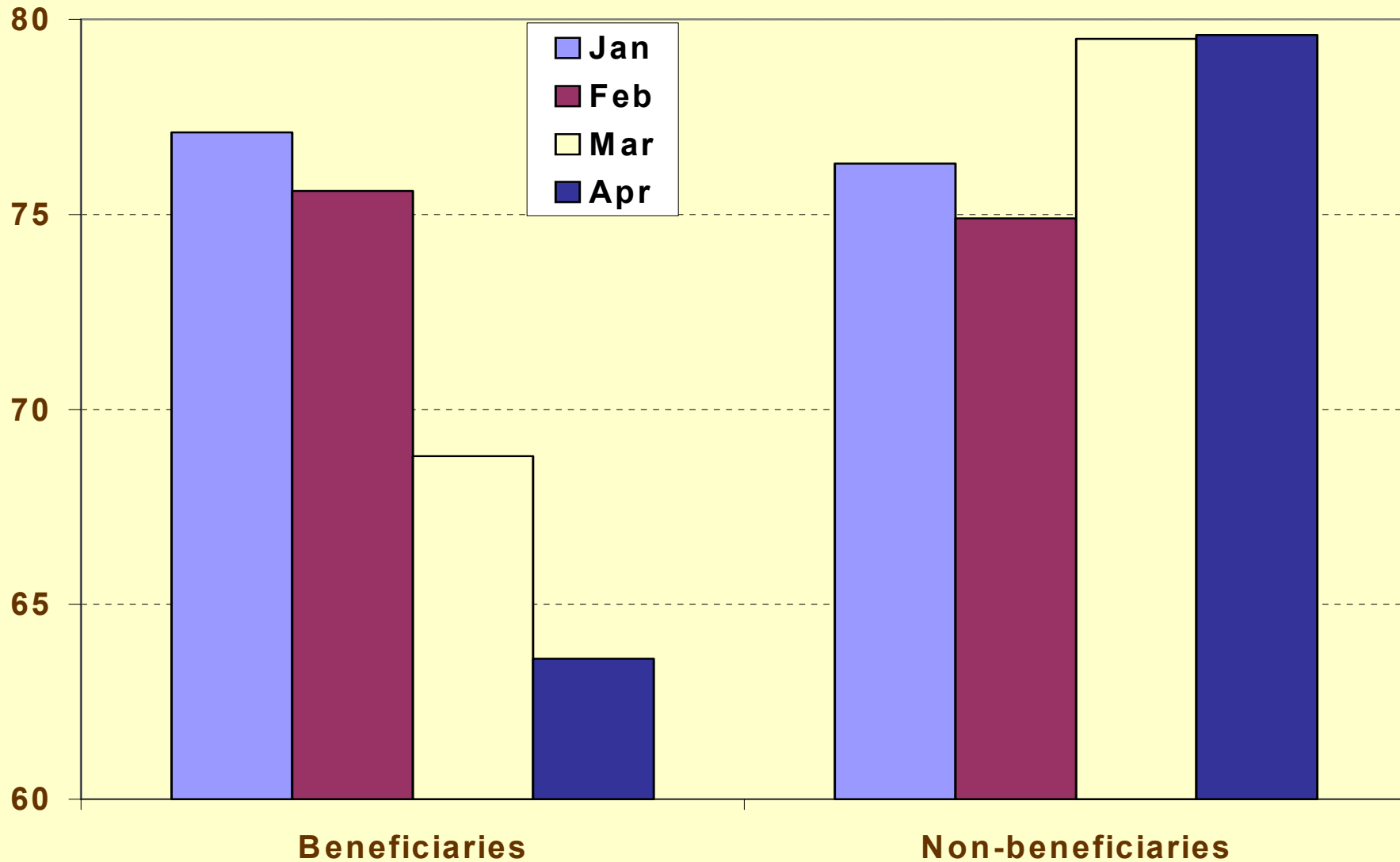


(2) Cash transfers do reduce seasonal malnutrition



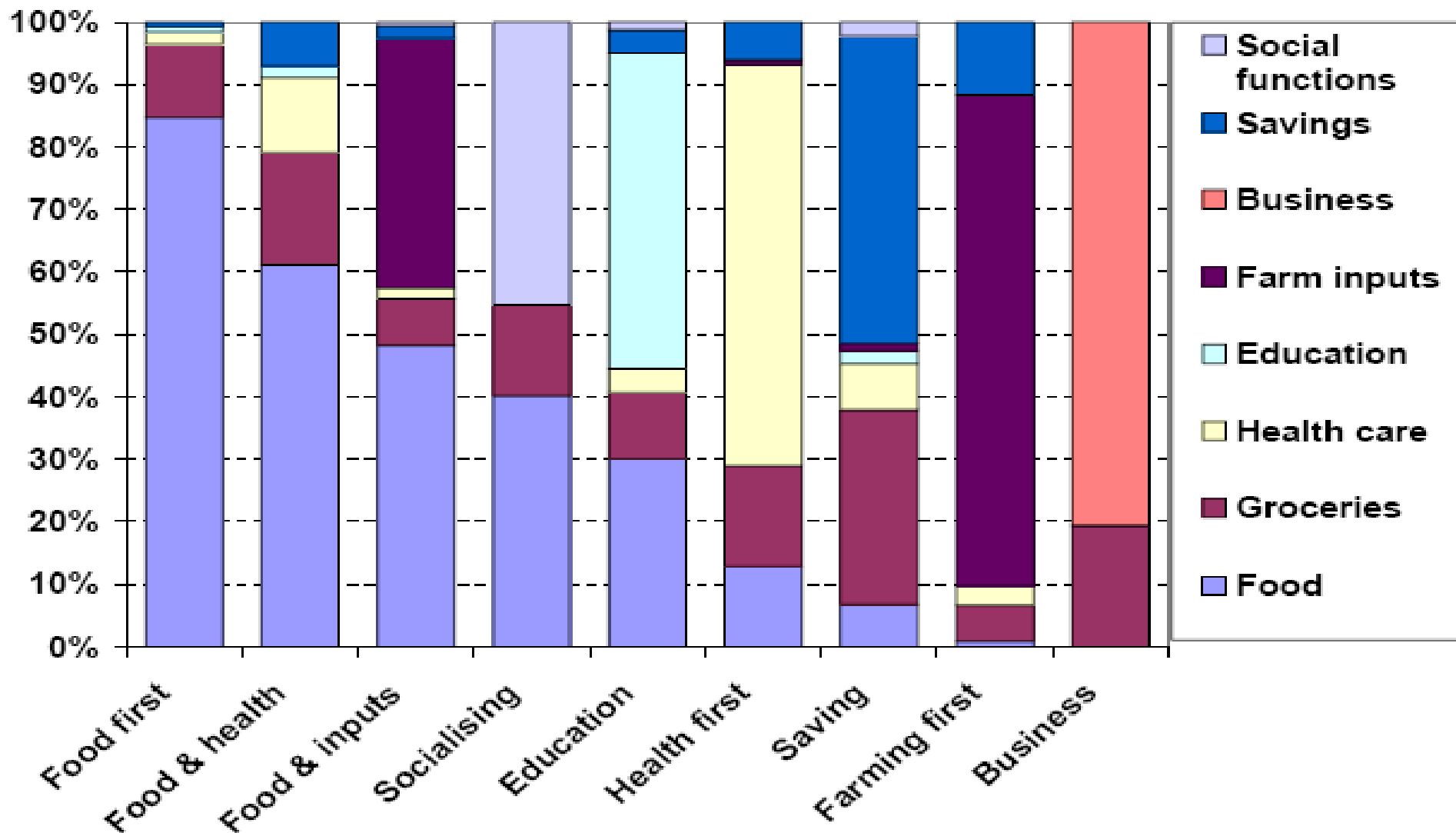


(3) Cash transfers do reduce coping strategies adoption



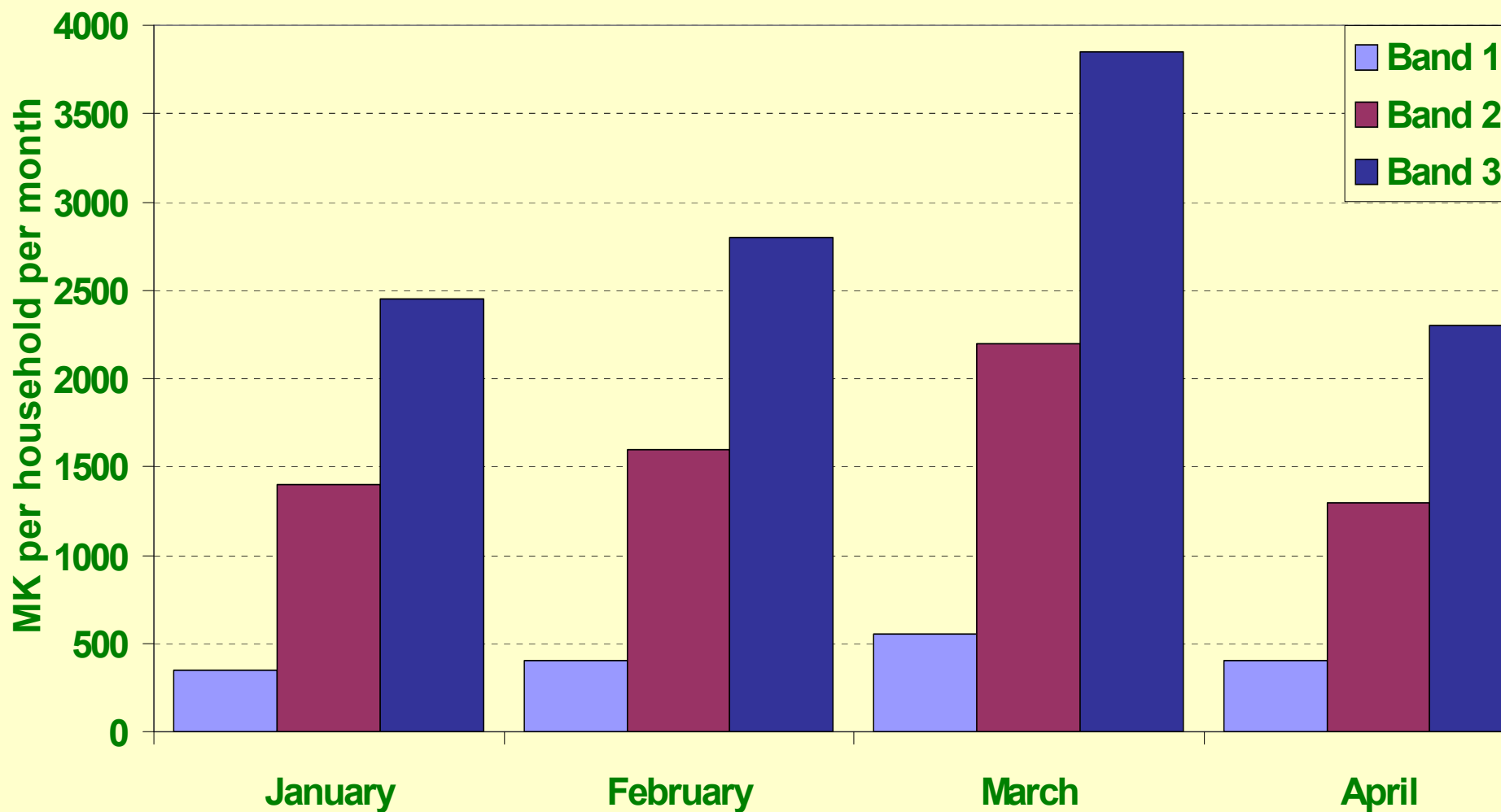


(4) Cash transfers do finance investment in agriculture





When a donor takes on price seasonality: Cash transfers indexed by food prices



Conclusion: Can cash transfers be used to combat hunger in rural areas?

Yes, but...

Don't neglect investments in agriculture

...and in infrastructure, and markets, and health and education...

Don't expect too much from a single instrument

- Cash transfers can not address structural failures of production and markets; nor systemic failures of policies and governance.
- Cash transfers might not mitigate, and can exacerbate, seasonal food price inflation. Who will bear the price risk?

Social compensation is a last resort

- Transfer-based entitlements are no substitute for improvements in production-, labour- and trade-based entitlements to food.
- Beware of reifying a 4th best solution!