Life in a Time of Food Price Volatility

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Researcher

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Presentation Outline

• About The Study
• Food Price Volatility (FPV) & Food Security: Global and National Context
• Local Findings About FPV and People’s Responses
• Special Topic: Future Farmer
Sharp rises in the cost of food are likely to mean more poverty, food insecurity and malnutrition, particularly for people who devote a lot of their time and resources to producing, procuring and preparing food

(Result from Life in a Time of Food Price Volatility Study, Global Report squeezed draft, 2012)
Objectives

To contribute in improving the food security prospects of poor and vulnerable people in developing countries exposed to food price volatility by improving knowledge of how people’s lives are affected by FPV.

The key research questions it will address are:

• **How do high and unpredictable food prices affect overall wellbeing and development in poor or vulnerable communities?**

More specifically:

• How does FPV affect the essential day-to-day work of keeping families fed and cared for? and

• How well do the support systems on which people routinely rely – whether formal or informal – help people cope with sharp changes in food prices?
About the study

• **A longitudinal study**: 4 years (2012 – 2015), 23 communities in 10 countries (3 communities in Indonesia) - in collaboration with IDS and Oxfam

• Study approach:
  – Qualitative components:
    Community case studies (KII, HH case studies, FGDs, special focus of the year)
  – Quantitative components:
    National and local FPV and food security data

Focuses on neglected social dimensions impacts
Study Sites

• Rural context:
  – **Cianjur (Desa Cibulakan)** - a rice production area that located near to fast growing area of Kabupaten Cianjur, with agriculture as predominant type of livelihood
  – **Banjar (Desa Simpang Empat)** - one of the major rubber producer area in South Kalimantan, most of the people are rely their livelihood on rubber industry

• Urban context:
  – **Bekasi (Desa Gandasari)** - located close to MM 2100 Industrial Park, and housed a lot of migrant workers working in that area
FPV and Food Security: Global and National Context
Global Food Prices in 2012

- 2012 global spike - most food prices still rose
- uncertainty means people cannot budget, save, plan, aspire
- effects of price rises are cumulative: a squeeze not a shock
National Food Price
Fuel Price

5-May-98
15-May-98
1-Oct-00
16-Jun-01
17-Jan-02
2-Jan-03
1-Mar-05
1-Oct-05
24-May-08
1-Dec-08
15-Dec-08
15-Jan-09

1 2 3 4 5 6 7 8 9 10 11 12

-40%
-20%
0%
20%
40%
60%
80%
100%
Food Security: What are the condition?

• Indonesia food security status: rank 64 out of 105 countries in the world – at moderate level (A Global Food Security Index Survey conducted by Economist Intelligence Unit)

• In 2012, the World Food Program (WFP) estimates that there is approximately 25 millions of Indonesians are food insecure

• Prevalence of under-nourished U-5 17.9% (moderate)
Food Security: What are the conditions?

- Indonesia food security status: rank 64 out of 105 countries in the world - at moderate level (A Global Food Security Index Survey conducted by Economist Intelligence Unit)
- In 2012, the World Food Program (WFP) estimates that there is approximately 25 million of Indonesians are food insecure
- Prevalence of undernourished under 5: 17.9% (moderate) 
  - Low income: Bangladesh
  - Lower-middle income: Guatemala, Zambia, Bolivia, Indonesia, Pakistan, Vietnam

Severe Undernourishment: Burkina Faso, Ethiopia, Kenya
‘Moderate’ Undernourishment: Bangladesh

Research country
Urban / peri-urban site
Rural site
### Income Allocated for Food (1)

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>62.94</td>
<td>58.47</td>
<td>56.89</td>
<td>54.59</td>
<td>51.37</td>
<td>53.01</td>
<td>49.24</td>
<td>50.17</td>
<td>50.62</td>
<td>51.43</td>
<td>43.54</td>
</tr>
<tr>
<td>Non Food</td>
<td>37.06</td>
<td>41.53</td>
<td>43.11</td>
<td>45.42</td>
<td>48.63</td>
<td>46.99</td>
<td>50.76</td>
<td>49.83</td>
<td>49.38</td>
<td>48.57</td>
<td>56.46</td>
</tr>
</tbody>
</table>

- Decreasing trend of % of income allocated for food
### Income Allocated for Food (2)

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
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<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>proportion of food consumption in HH expenditure</td>
<td>proportion of non-food consumption in HH expenditure</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>58.86</td>
<td>41.14</td>
<td></td>
</tr>
<tr>
<td><strong>Urban/Rural</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>urban</td>
<td>53.95</td>
<td>46.05</td>
<td></td>
</tr>
<tr>
<td>rural</td>
<td>63.66</td>
<td>36.34</td>
<td></td>
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<tr>
<td><strong>Household Quintile</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q1</td>
<td>67.65</td>
<td>32.35</td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td>64.89</td>
<td>35.11</td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td>61.43</td>
<td>38.57</td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>56.78</td>
<td>43.22</td>
<td></td>
</tr>
<tr>
<td>Q5</td>
<td>43.54</td>
<td>56.46</td>
<td></td>
</tr>
</tbody>
</table>

- Poor > non poor
- Q5: food < non food
- Rural > urban
Local Findings About FPV and People’s Responses
## Price at Community Level

<table>
<thead>
<tr>
<th>Food Item</th>
<th>2011</th>
<th>2012</th>
<th>2012</th>
<th>2012</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rice</td>
<td>Sugar</td>
<td>Cooking Oil</td>
<td>Rice</td>
<td>Sugar</td>
</tr>
<tr>
<td>Bekasi</td>
<td>Rp4.000-6.000</td>
<td>Rp6.000-10.000</td>
<td>Rp9.500</td>
<td>Rp8.000-10.000</td>
<td>Rp11.000-12.000</td>
</tr>
<tr>
<td>Banjar</td>
<td>Rp5.000-8.000</td>
<td>Rp6.000-10.000</td>
<td>Rp7.000-8.000</td>
<td>Rp6.000-9.000</td>
<td>Rp11.000-12.000</td>
</tr>
</tbody>
</table>
How FPV Impacts Daily Consumption

• Income become insufficient to meet ends
• Rising price of prepared food at food stall
• Reduced amount of grocery package (get less amount with the same price)

• Reducing food consumption (less side dishes, less amount of rice cooked)
• Eating cheaper food (salty fish, more vegetables and less eggs)
• Buying less amount of food
• Relying on cheap processed foods to make food tasty
• Sourcing non-market foods, growing own food, collecting from surrounds
Food Basket

Bekasi

Cianjur

Banjar
"When there is no money, rather than starving, we’d ask for credit to the stall owner," (Dewi – Cianjur)

“We have vegetables only occasionally.... rarely. Because we are prioritizing to buy rice! Vegetables are rarely eaten,“

“We are oftenly cook asin. Sometimes I don’t cook and just buy bala-bala (fritters). When I do not have money, I buy fritters. Six pieces for the household. The price for each is Rp500," (Aceng – Cianjur)
Home life patterns

• Procuring & preparing meals takes more effort
• Women’s paid work is crowding out unpaid care
  – falling more to grandparents & older girls
• Men’s identities as providers suffer

Sofia (52 years old female widow, working as house maid at her neighbor). She must work to make money for family. In the morning before she go to work, she has to wash her children and grand children's clothes, and sometime sweeping and mopping the floor. Since she has to go work in early morning (6 am), she often do not have time to prepare breakfast for her children who were still in school. Thus, she usually give them pocket money as much as Rp5.000 (around a half US Dollar) for their daily needs (buying snacks and meals, saving at school, and the other school needs).

Every day, she will just arrive home at 6 pm. She felt tiring and unable to take care of her own children and grandchildren with such of work. Bekasi – West Java
Changing priorities in social relations

• Family and community support are the first resort, but informal safety nets are less reliable during economic hardship.

• Less participation in social activities
### Coping: Who is Doing What?

<table>
<thead>
<tr>
<th>Women</th>
<th>Men</th>
<th>Children</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Reducing food intake (quantity and quality)</td>
<td>• Doing side job</td>
<td>• Doing side job</td>
</tr>
<tr>
<td>• Reducing pocket money for children and wife (women themselves)</td>
<td>• Selling asset</td>
<td>• In debt for family needs</td>
</tr>
<tr>
<td>• Reducing other shopping expenditure (clothes)</td>
<td>• Reducing cigarettes consumption</td>
<td></td>
</tr>
<tr>
<td>• In debt</td>
<td>• Switching to cheaper brand tobacco or replacing cigarettes with rolling tobacco</td>
<td></td>
</tr>
<tr>
<td>• Doing side job</td>
<td>• Having coffee at home (not buy at kiosk)</td>
<td></td>
</tr>
<tr>
<td>• Working abroad (as migrant worker)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Collecting food from surround: vegetables, rice</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Changing the way of cooking</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Reducing children pocket money</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Selling asset</td>
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</tr>
</tbody>
</table>

- **Women do more than men**
- **Variety of coping: rural > urban**
### Sources of Support

<table>
<thead>
<tr>
<th>Bekasi</th>
<th>Cianjur</th>
<th>Banjar</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Friends</td>
<td>• Neighbor</td>
<td>• Relatives</td>
</tr>
<tr>
<td>• Neighbors</td>
<td>• Loan shark</td>
<td>• Government programs</td>
</tr>
<tr>
<td>• Grocery/food stall</td>
<td>• Government programs</td>
<td>• Neighbor</td>
</tr>
<tr>
<td>• Outsourcing company</td>
<td>• Zakat</td>
<td>• Grocery/food stall</td>
</tr>
<tr>
<td>• Relatives</td>
<td>• Grocery/food stall</td>
<td>• Middlemen/boss/company</td>
</tr>
<tr>
<td>• Boss/company</td>
<td>• Calo (middlemen)</td>
<td>• Bank</td>
</tr>
<tr>
<td>• Government programs (Raskin)</td>
<td></td>
<td>• Cooperatives</td>
</tr>
<tr>
<td>• <em>Pegadaian</em> (pawn company)</td>
<td></td>
<td>• Loan shark</td>
</tr>
<tr>
<td>• Loan shark</td>
<td></td>
<td>• Friend</td>
</tr>
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</table>
Future Farmers: Young People’s Aspiration in a Time of FPV

Most young people see farming as a last resort for those who fail to do better, nor do their parents aspire for their parents to continue in the family line. A better life for most people means a life out of farming

– Farming suffers from an image problem - dirty, hot, for the uneducated
– Other livelihoods offer better prospects of cash incomes, and cash is increasingly important
– Farming offers low and unreliable returns
Future Study Plan

• Second round Study Focus: migrant workers, etc?
• Inputs for integrated quan-qual study