FOOD PRICES AND POVERTY

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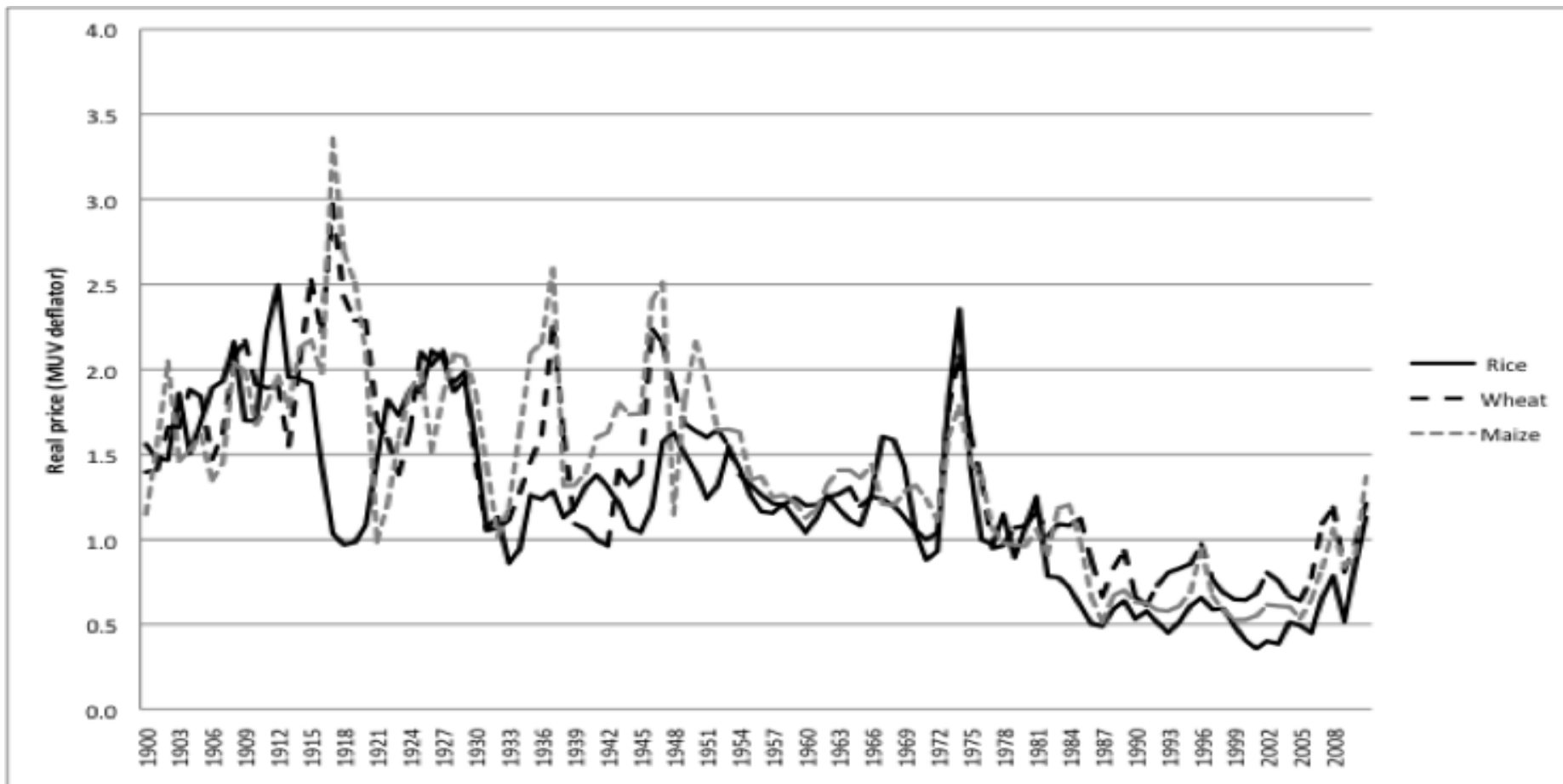
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Food security is back on the international agenda because of recent increases in international food prices.

International food prices 1900 to 2012
(Source: World Bank. Deflator: manufacturing unit value index)

Following the 2008-08 food price increases, the World Bank said that the high food prices were a serious threat to continued poverty reduction because they harm poor consumers.

But previously, FAO and Oxfam had been saying that low food prices were a concern because they harm poor farmers.

Like any price change, food price increases produce both gainers and losers. The effect on poverty depends on the balance of these opposing effects.

  - Net sellers of food gain

  - Net buyers of food lose

  - Others may be affected indirectly

What is the net effect on the poor?

Three ways of studying the food price / poverty relationship:

- Econometrics

- Economic modeling

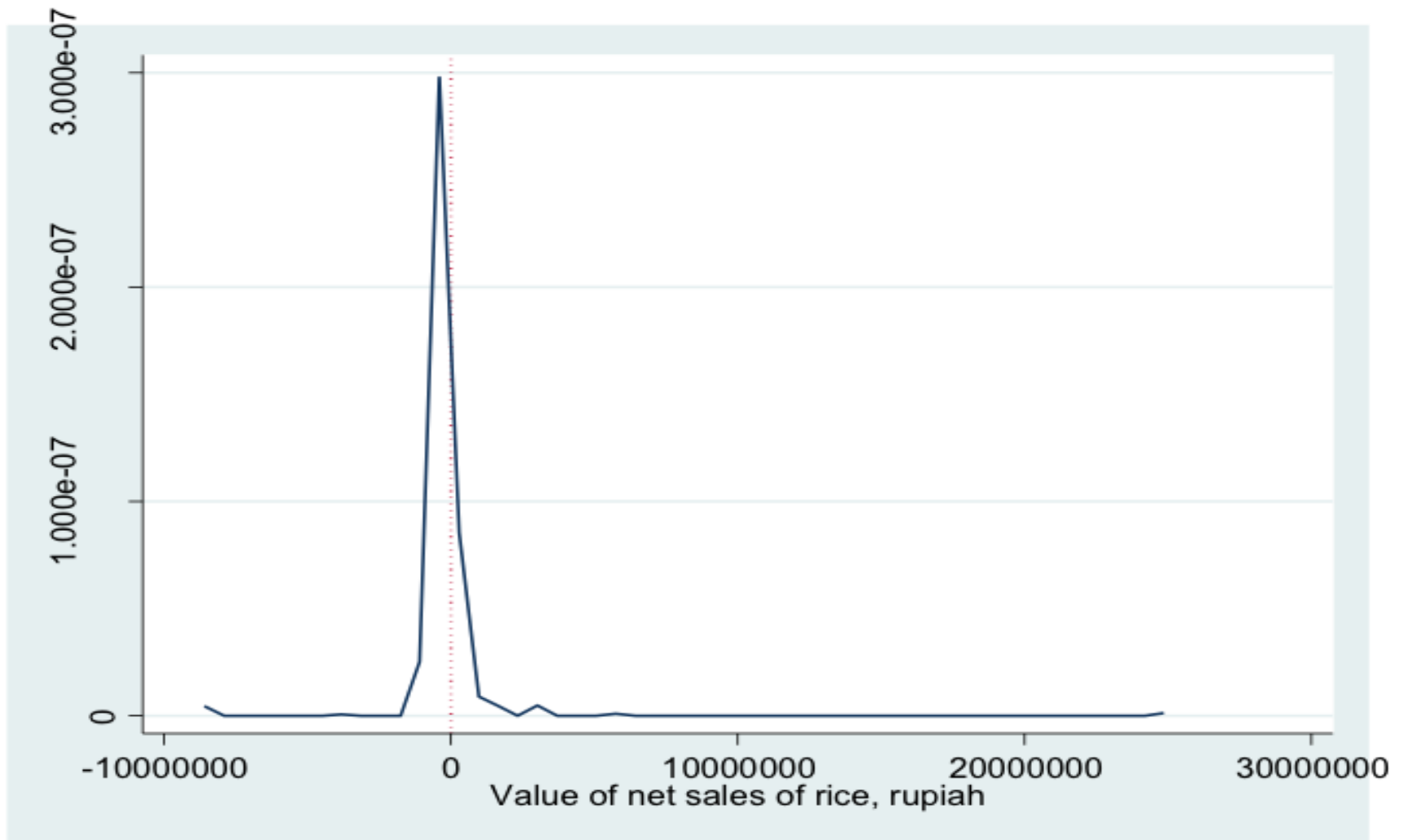- Survey data on net sales of food at the household level

Indonesia:

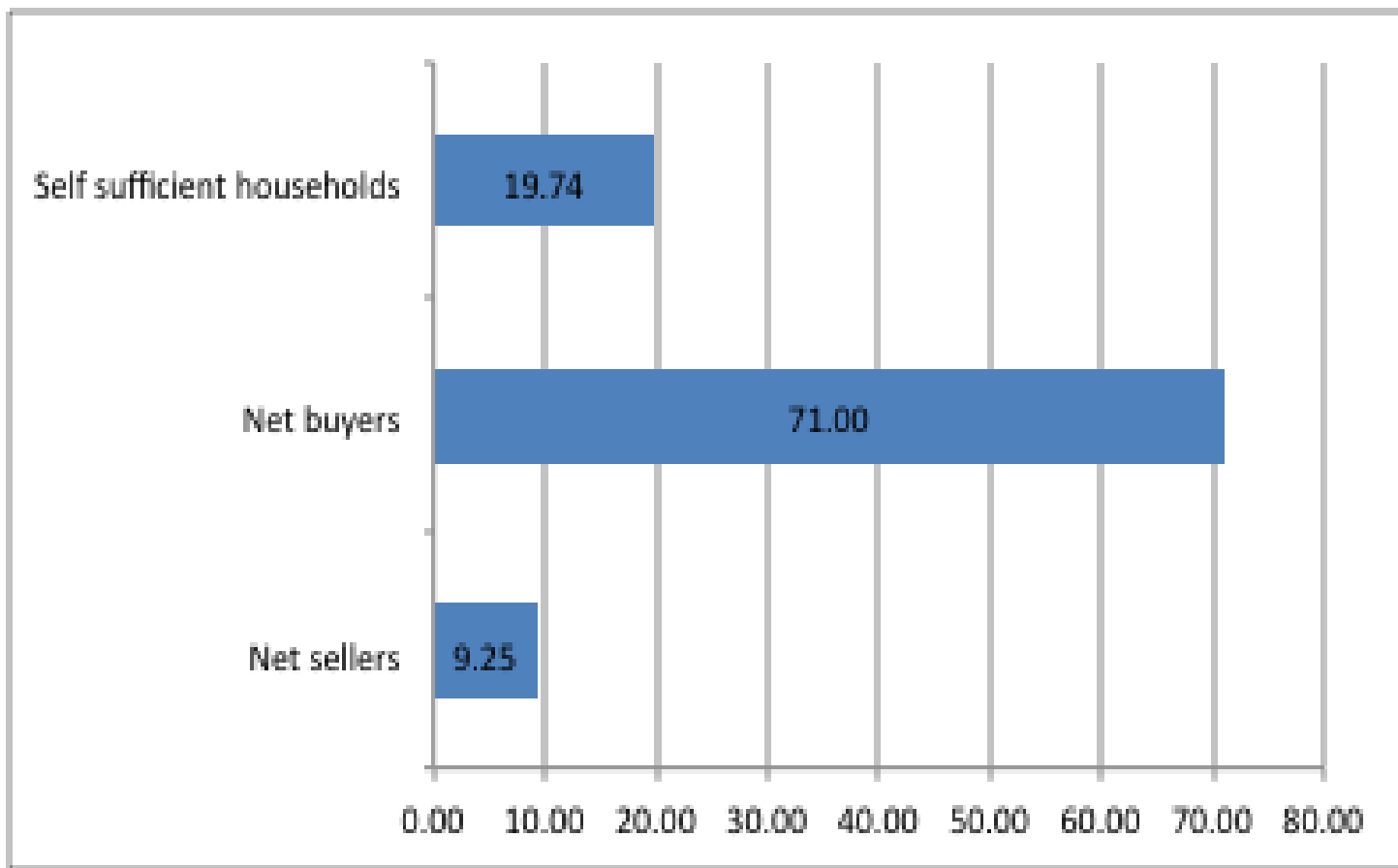Data from Indonesia Family Life Survey (IFLS)
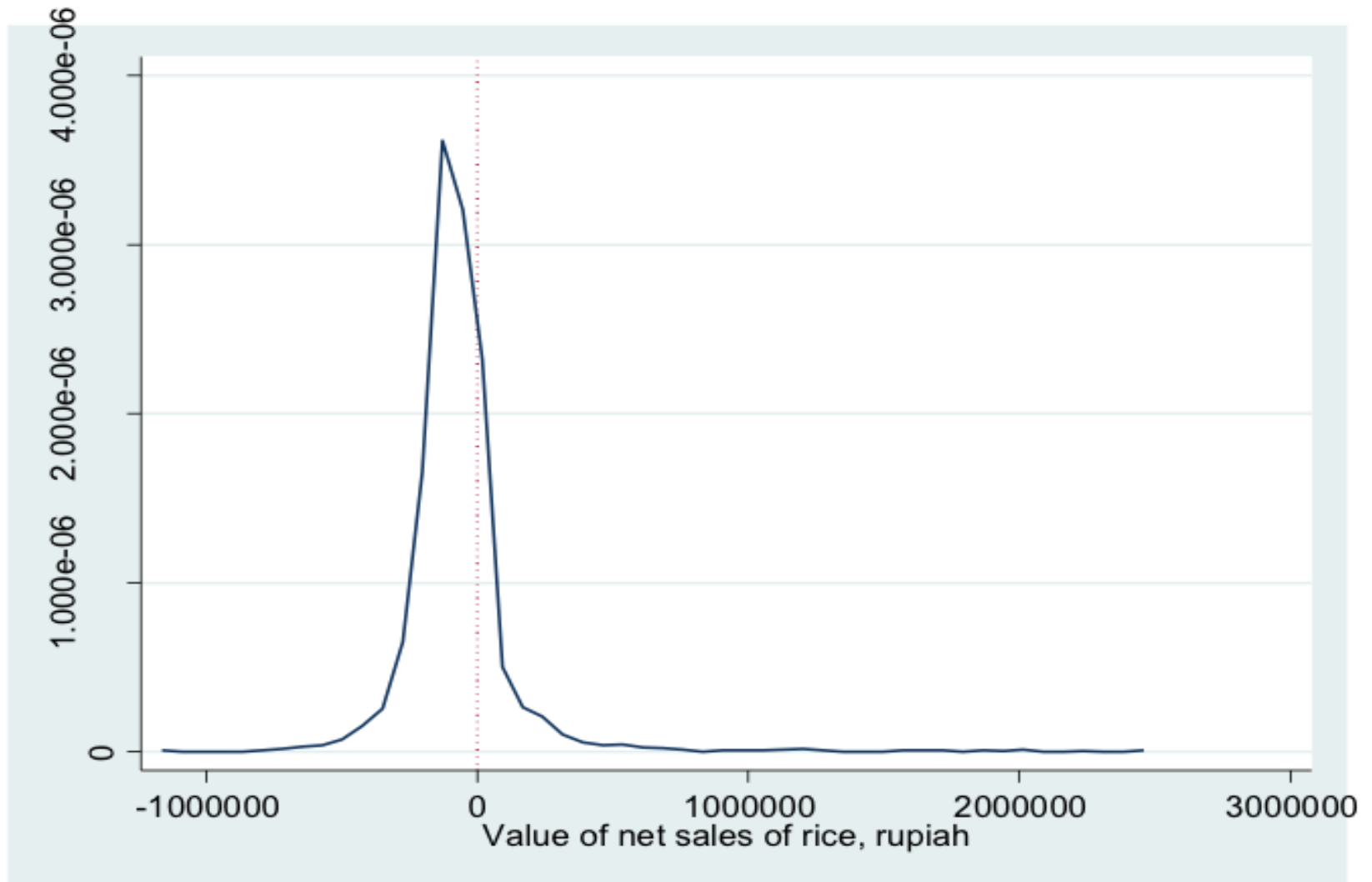
2006

Sample size: 13,500 households

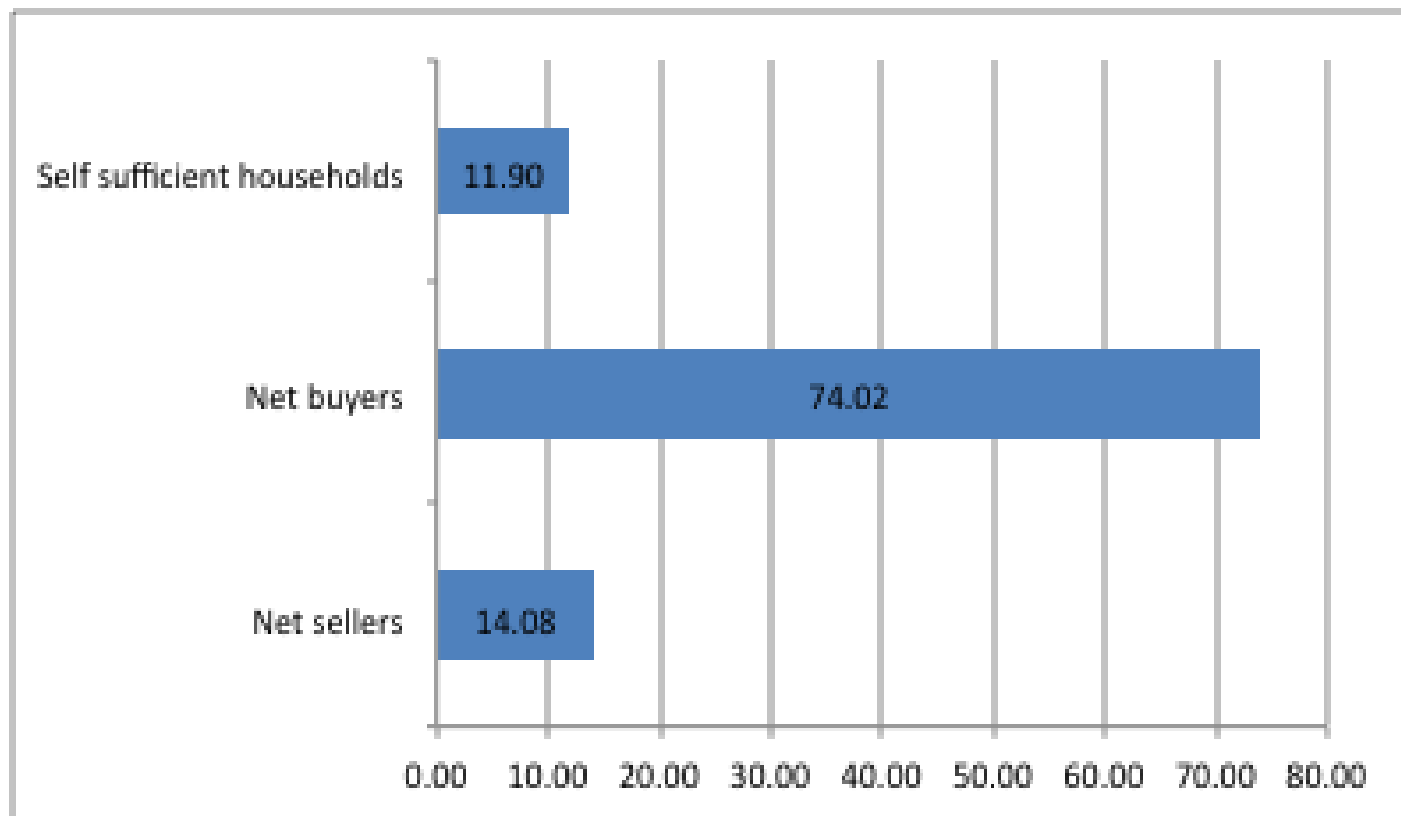Indonesia: All households, net sales of rice, 2007

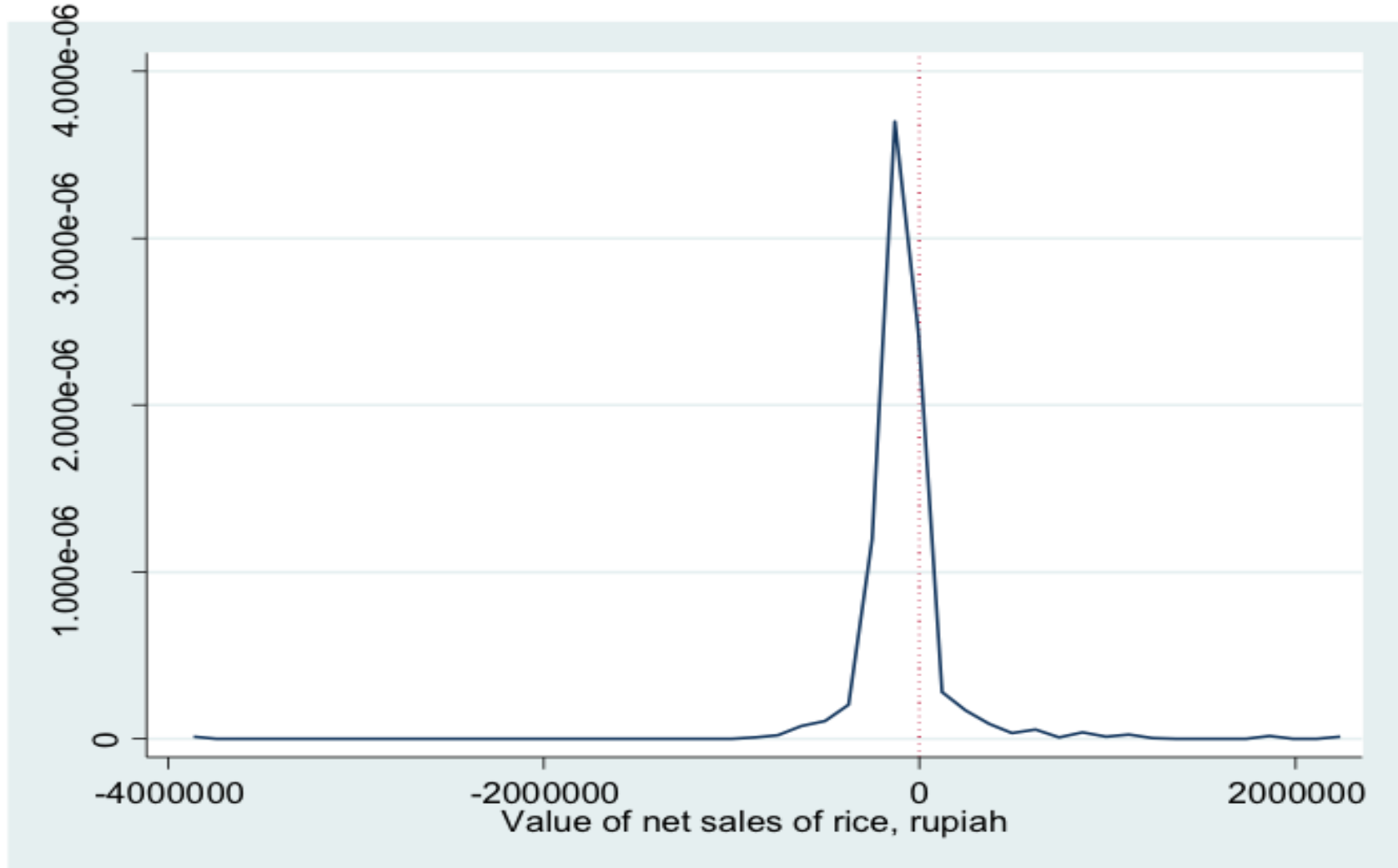Indonesia: All households, net sales of rice, 2007

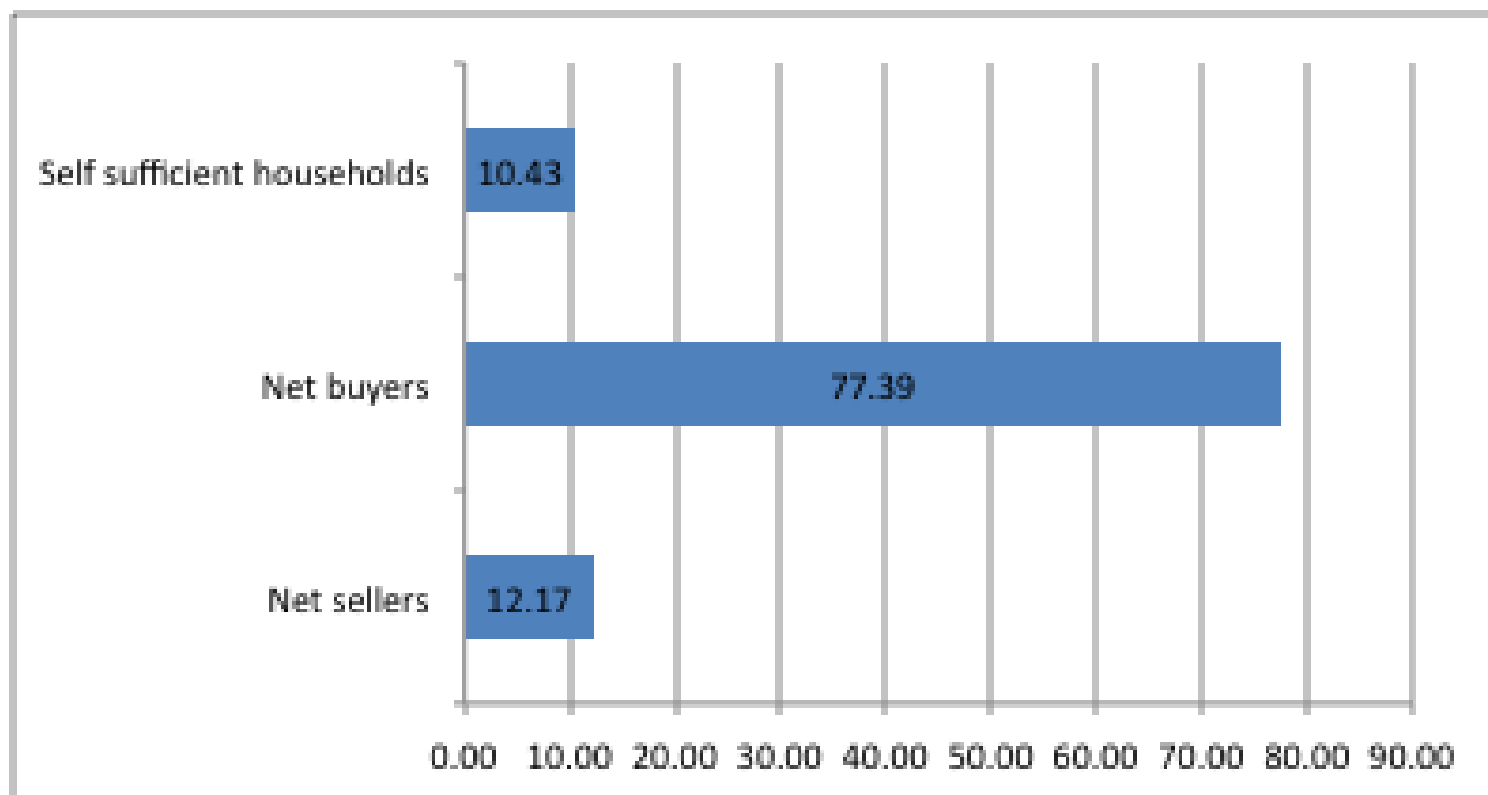Indonesia: All poor households, net sales of rice, 2007

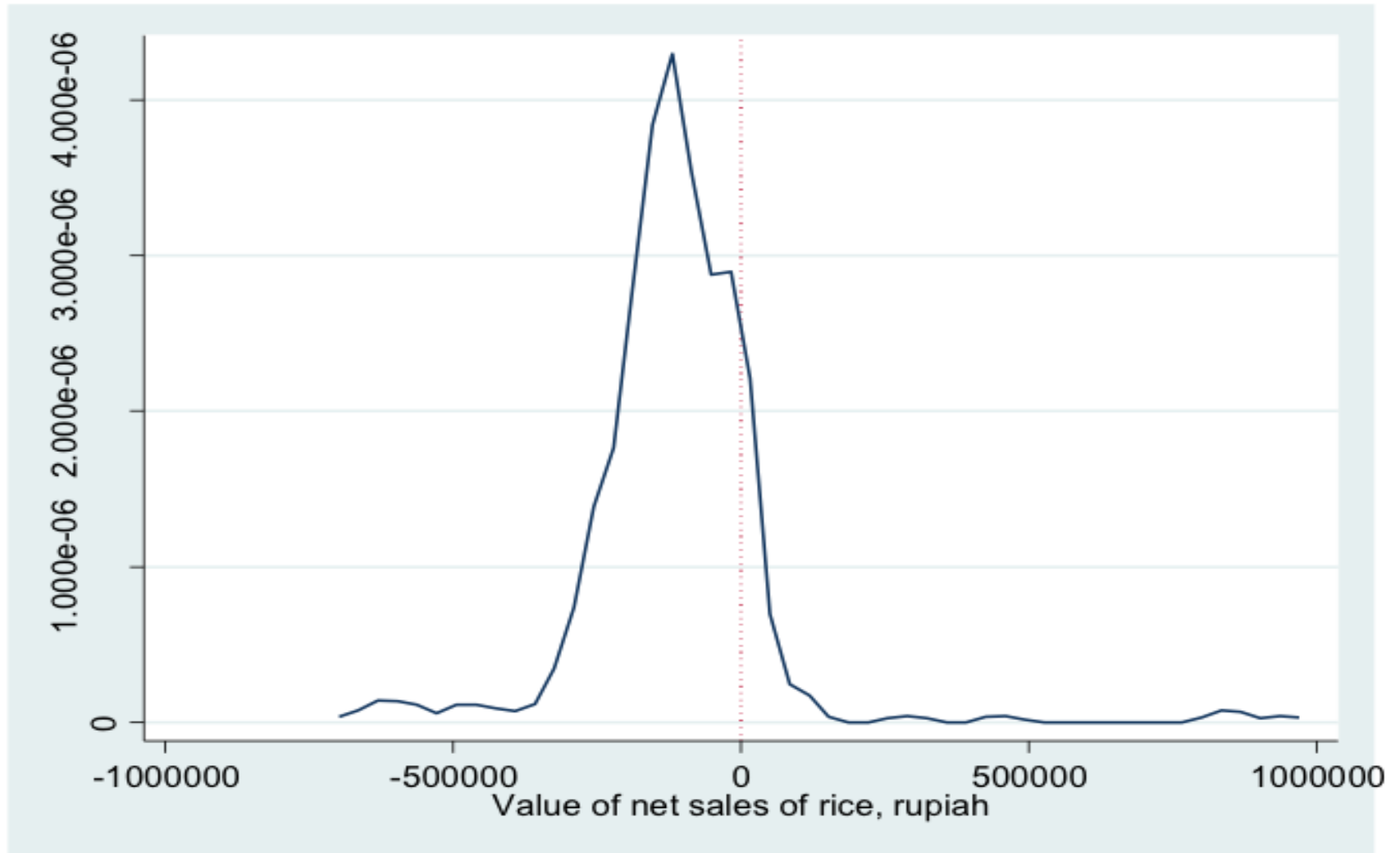# Indonesia: All poor households, net sales of rice, 2007

Indonesia: All households close to the poverty line, net sales of rice, 2007
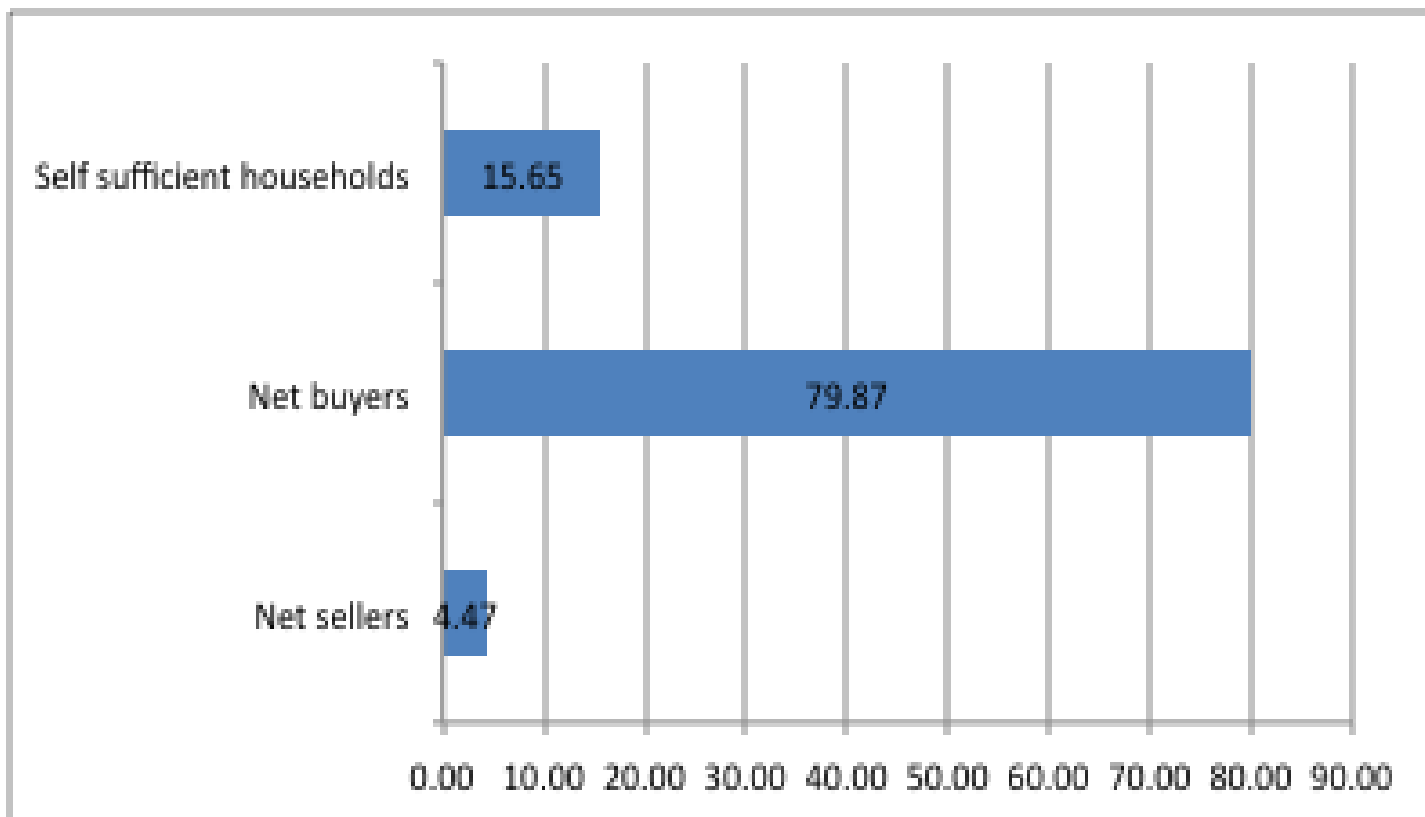
Indonesia: All households close to the poverty line, net sales of rice, 2007
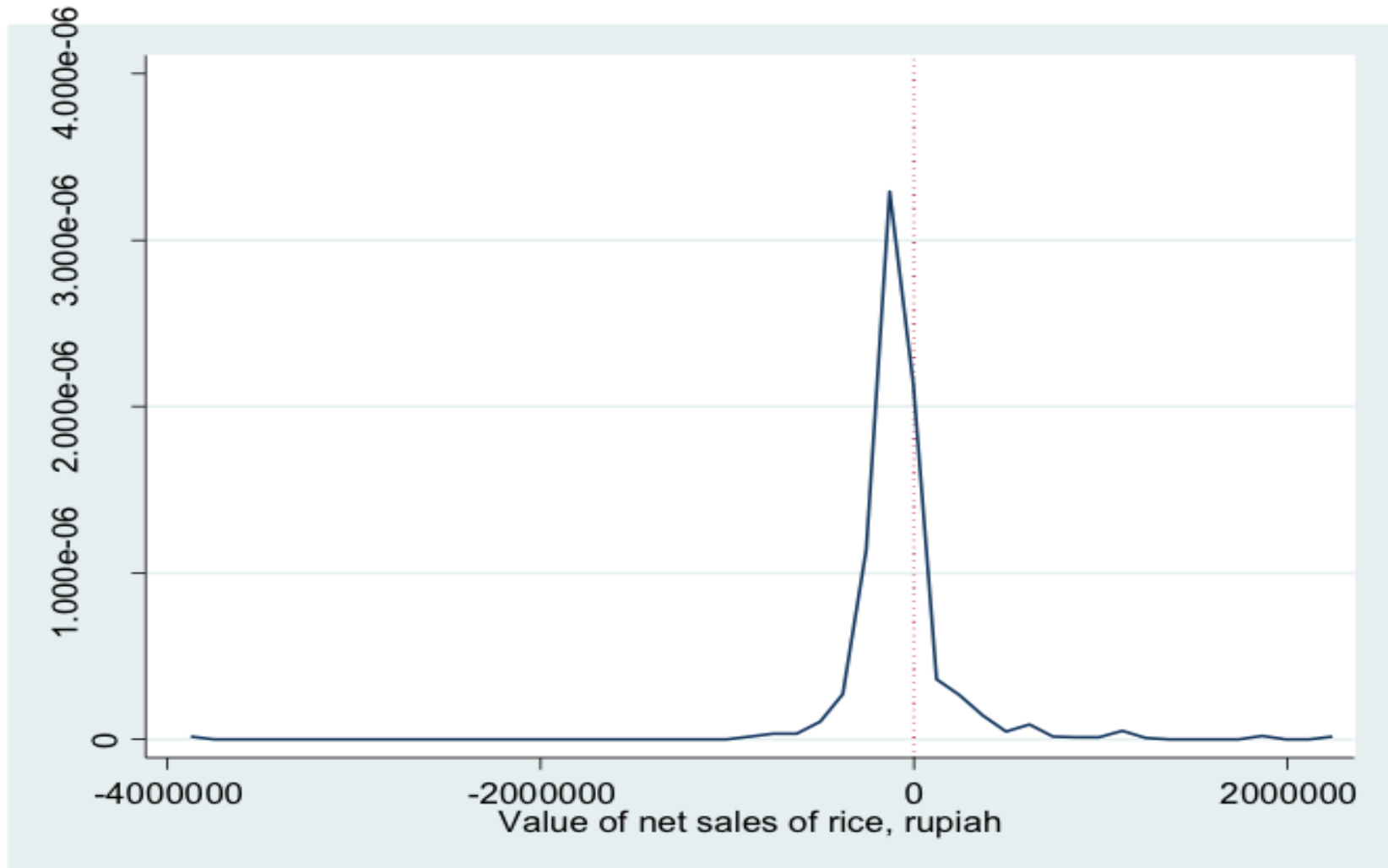
Indonesia: Urban households close to the poverty line, net sales of rice, 2007
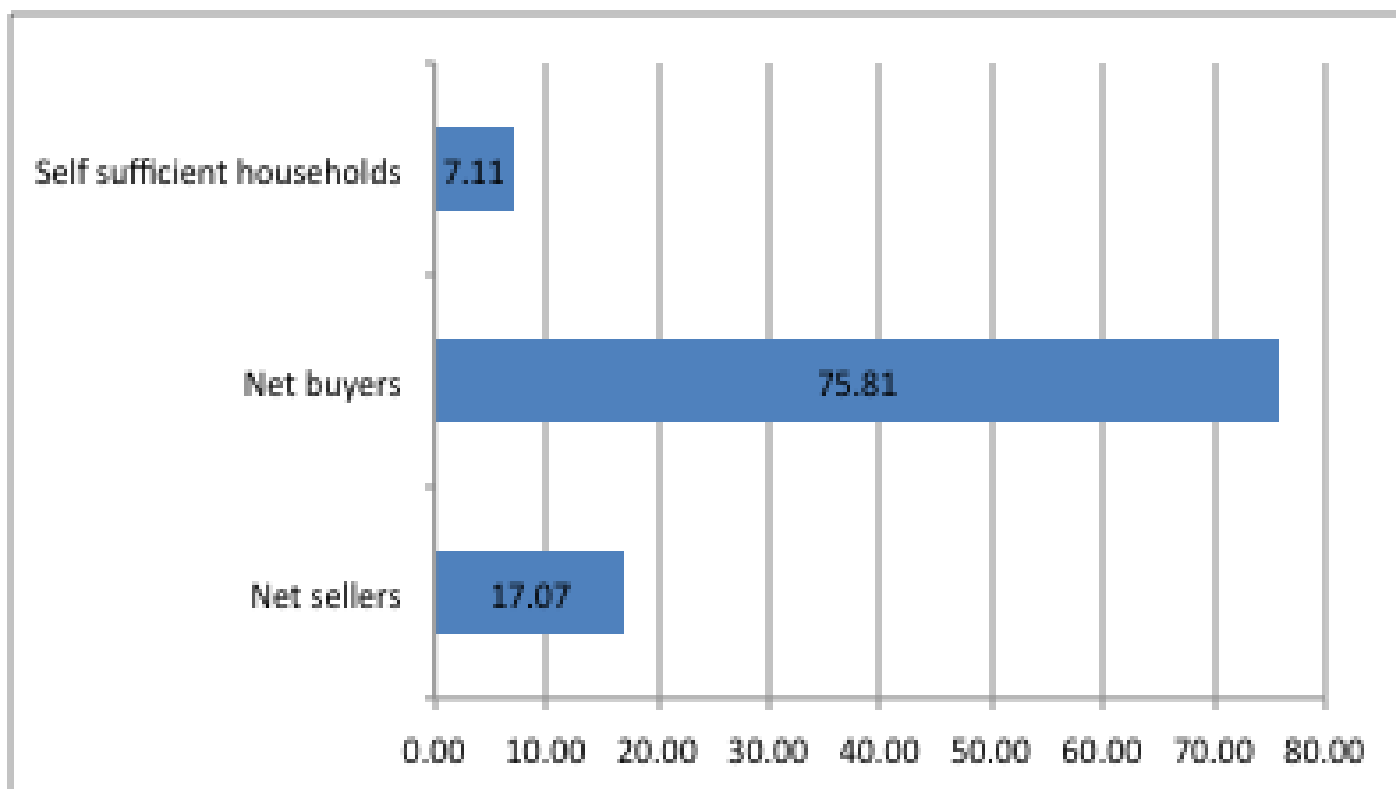
Indonesia: Urban households close to the poverty line, net sales of rice, 2007

Indonesia: Rural households, close to the poverty line, net sales of rice, 2007

Indonesia: Rural households, close to the poverty line, net sales of rice, 2007

Indonesia summary

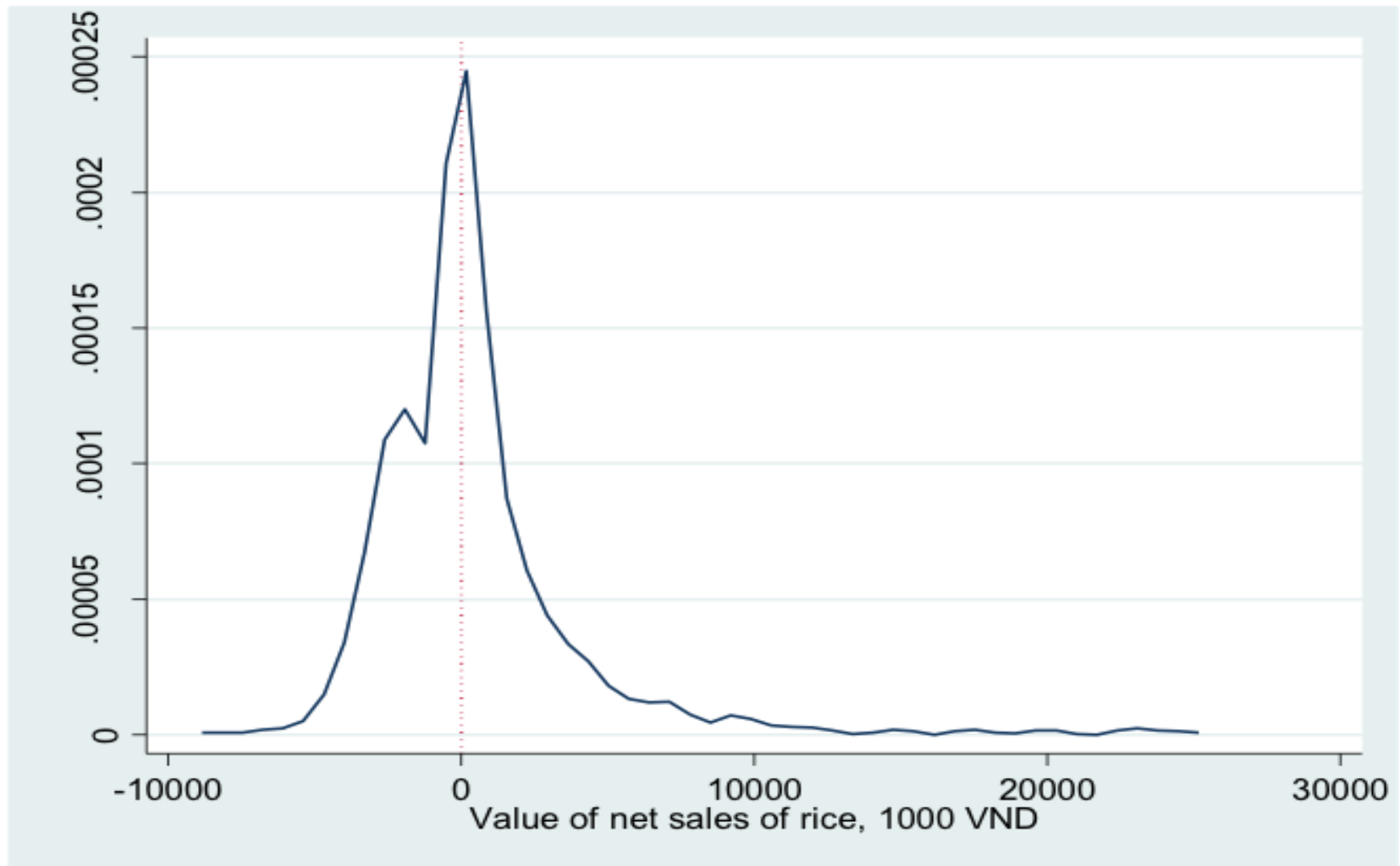|	Total	Rural	Urban
All households			
Net sellers	9.25	17.25	2.58
Net buyers	71.00	72.45	69.79
Zero net sales	19.74	10.30	27.63
Total	*100*	*100*	*100*
Poor households			
Net sellers	14.08	19.11	4.08
Net buyers	74.02	71.86	78.30
Zero net sales	11.90	9.02	17.62
Total	*100*	*100*	*100*
Households near poverty line			
Net sellers	12.17	17.07	4.47
Net buyers	77.39	75.81	79.87
Zero net sales	10.43	7.11	15.65
Total	*100*	*100*	*100*

Vietnam:

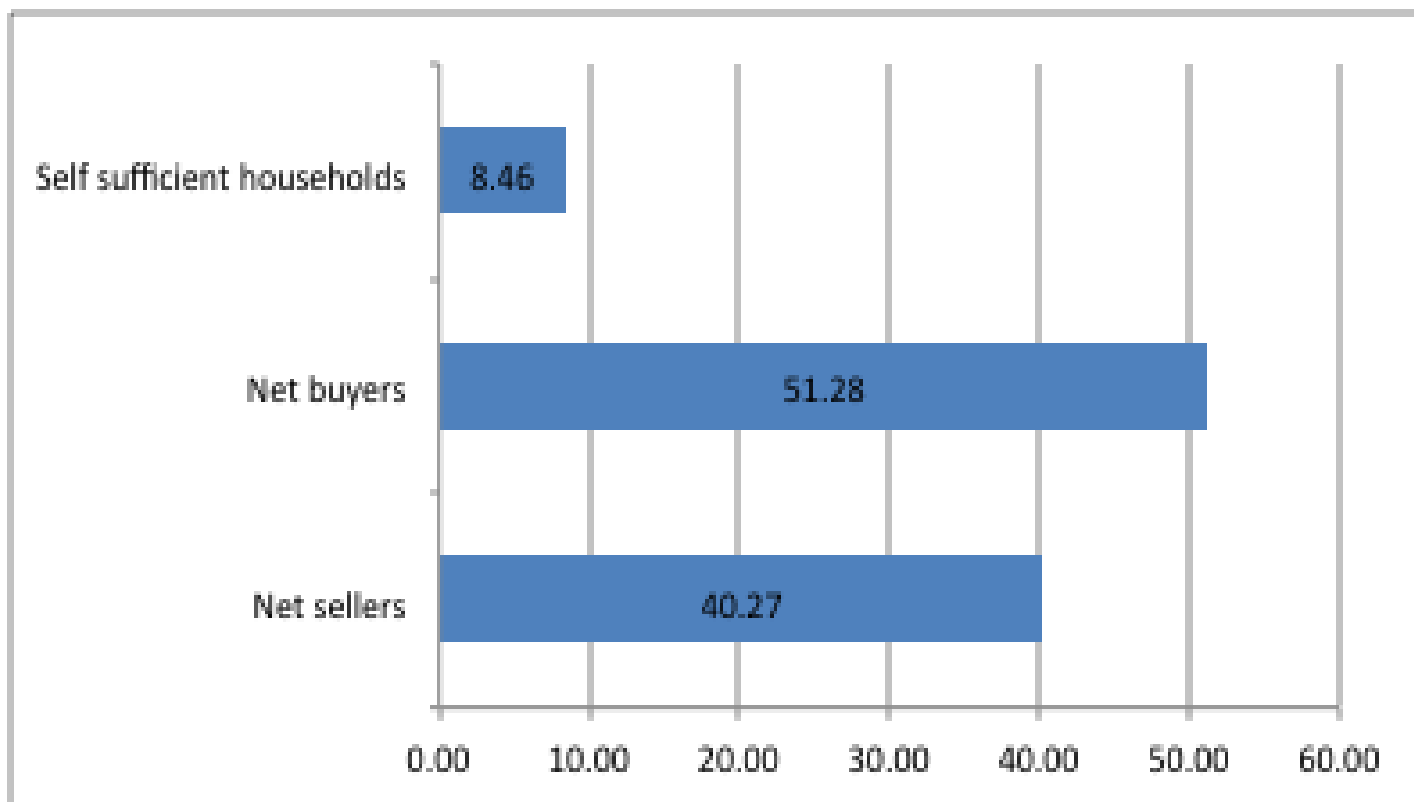Data from Vietnam Household Living Standards Survey (VHLSS)

2006

Sample size: 9,198 households

Vietnam: All households close to the poverty line, net sales of rice, 2006

Vietnam: All households close to the poverty line, net sales of rice, 2006

Vietnam: Urban households close to the poverty line, net sales of rice, 2006

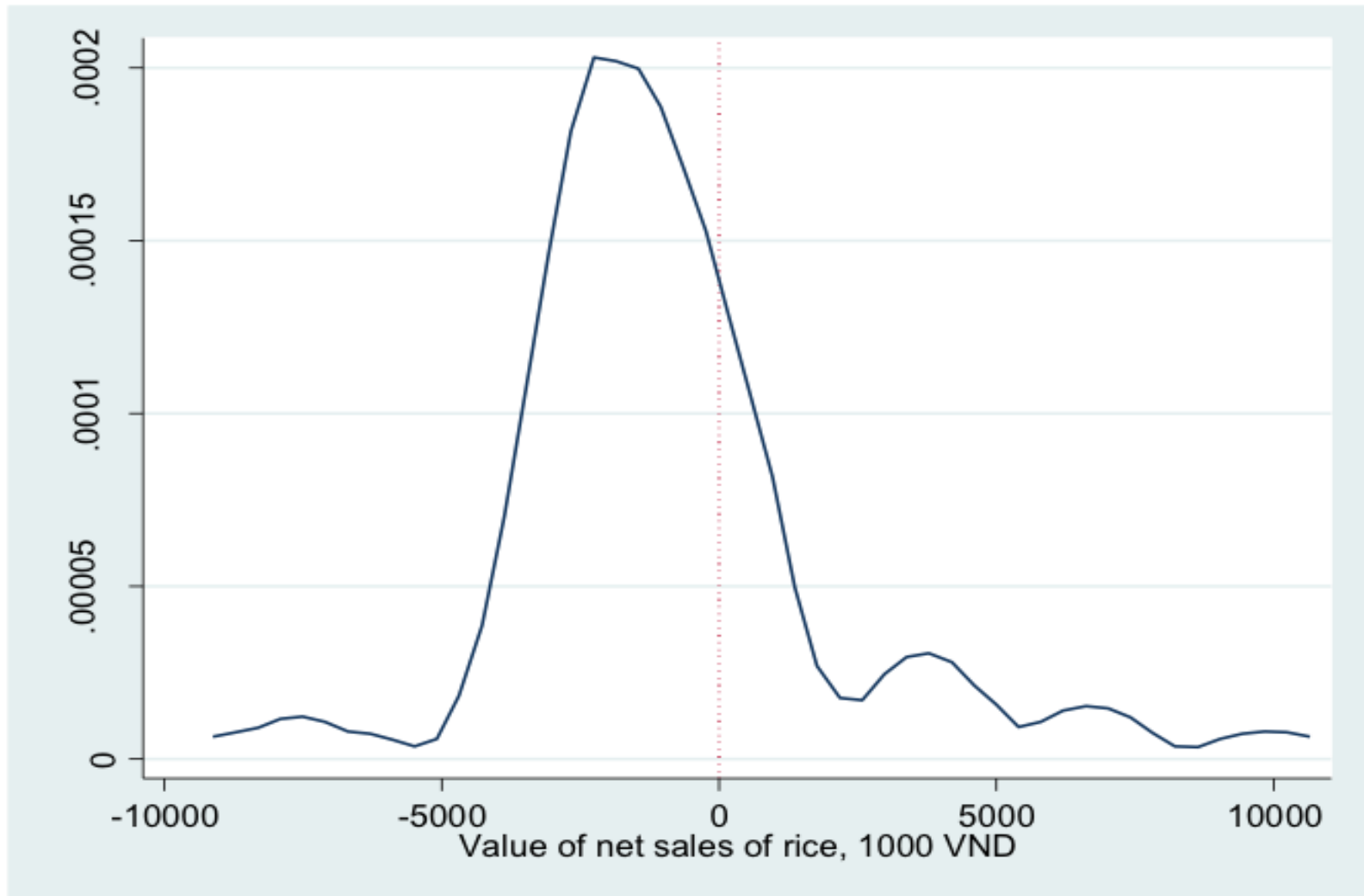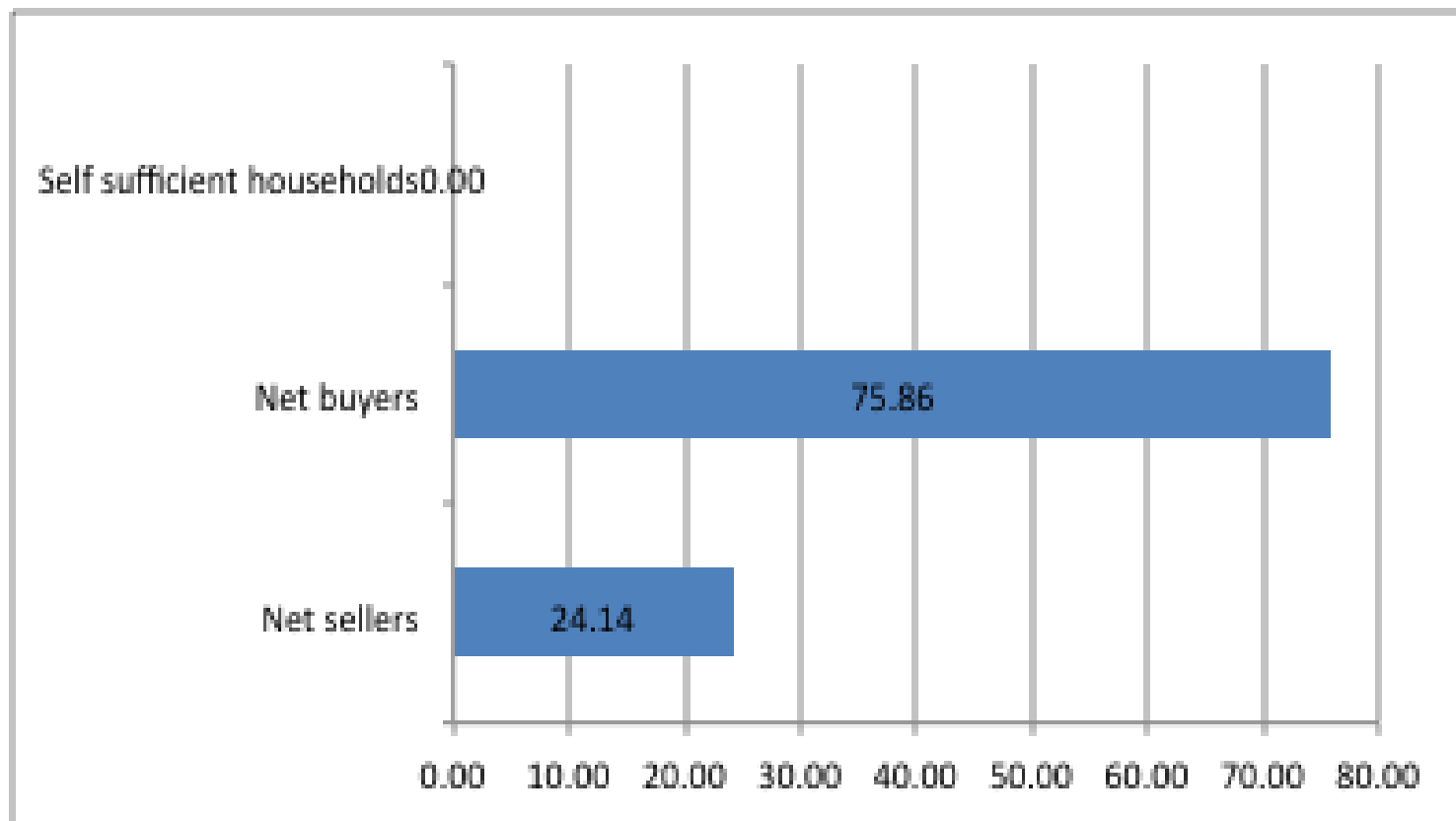Vietnam: Urban households close to the poverty line, net sales of rice, 2006
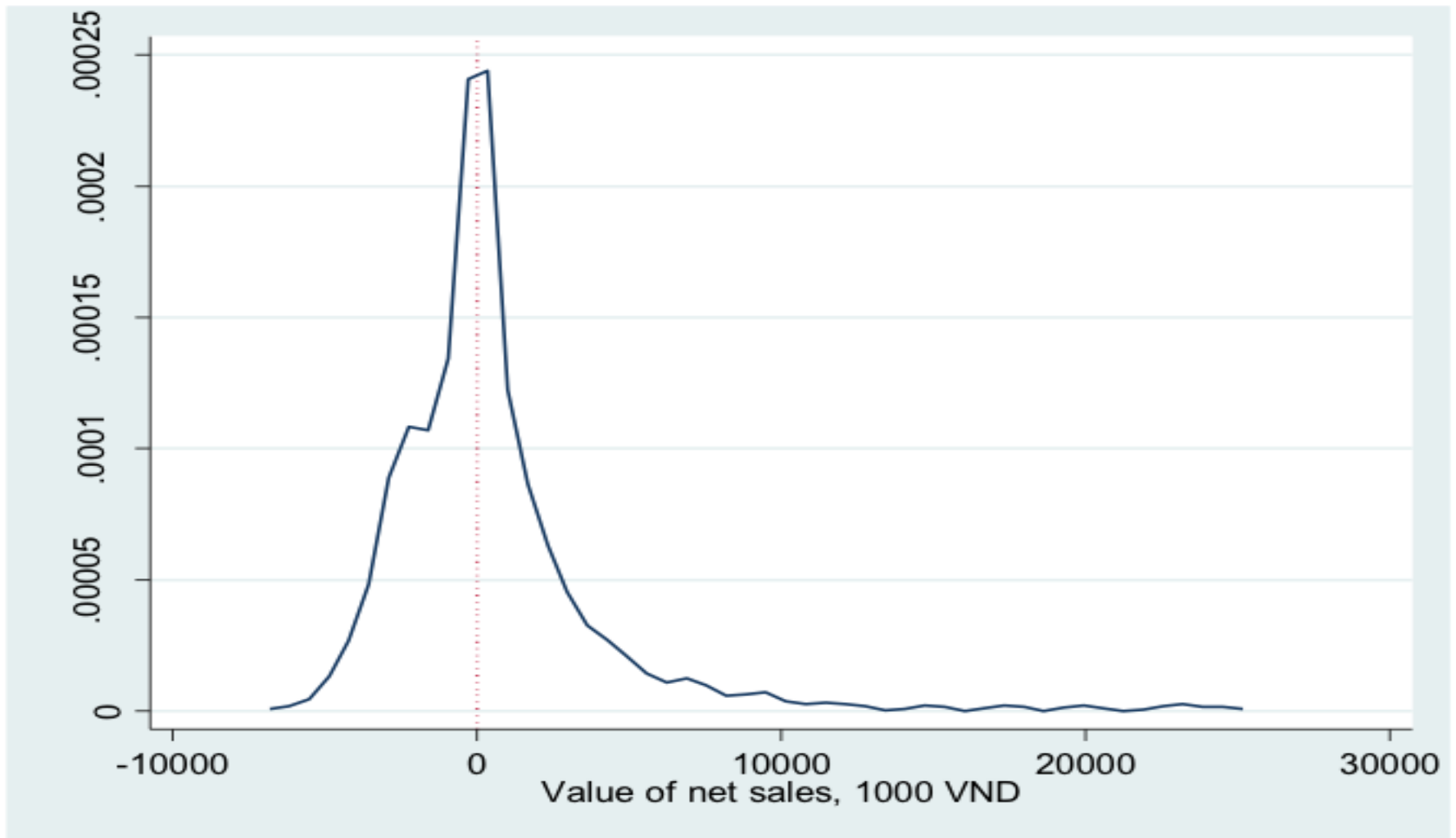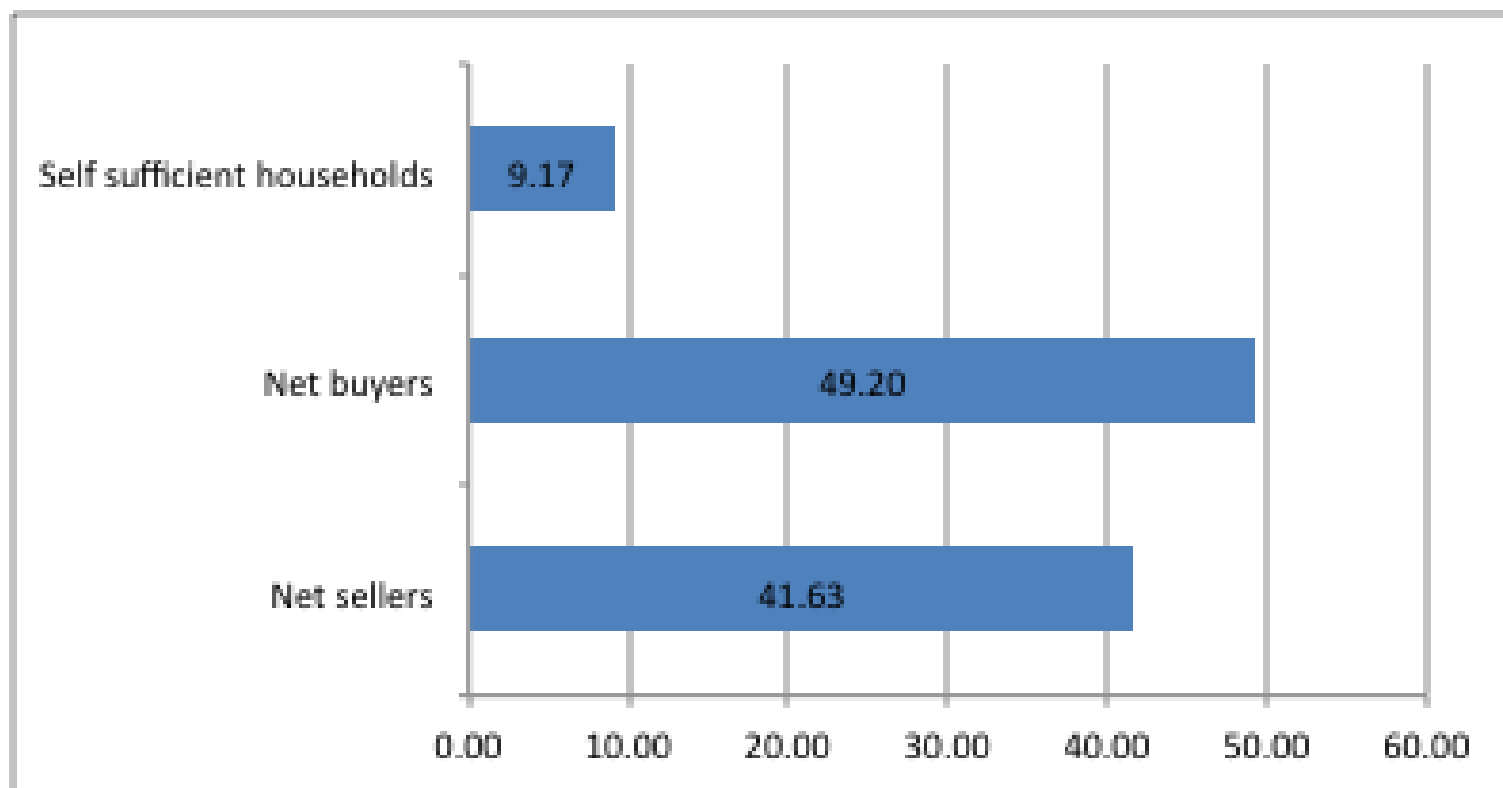
Vietnam: Rural households close to the poverty line, net sales of rice, 2006

Vietnam: Rural households close to the poverty line, net sales of rice, 2006
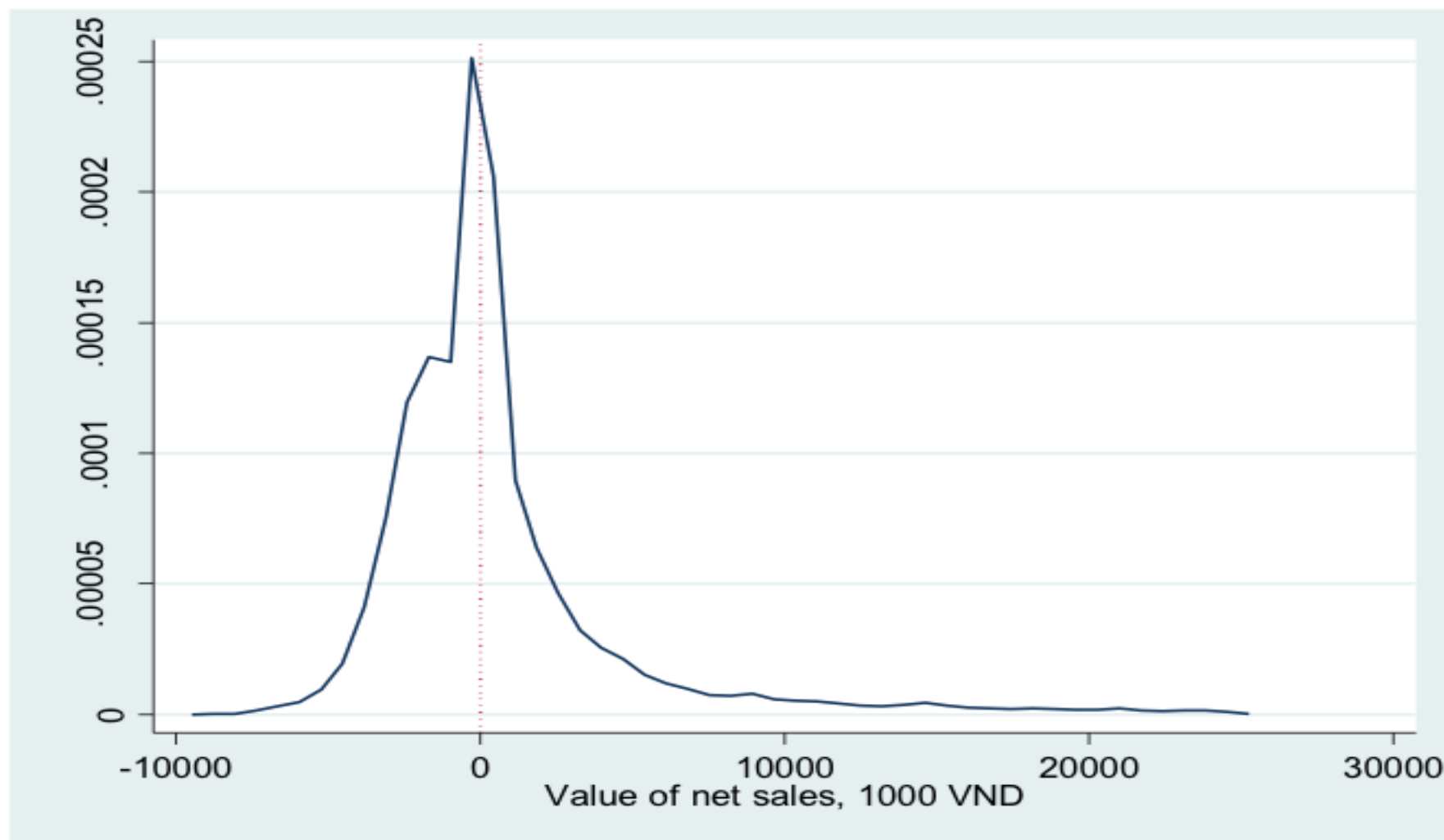
Vietnam summary

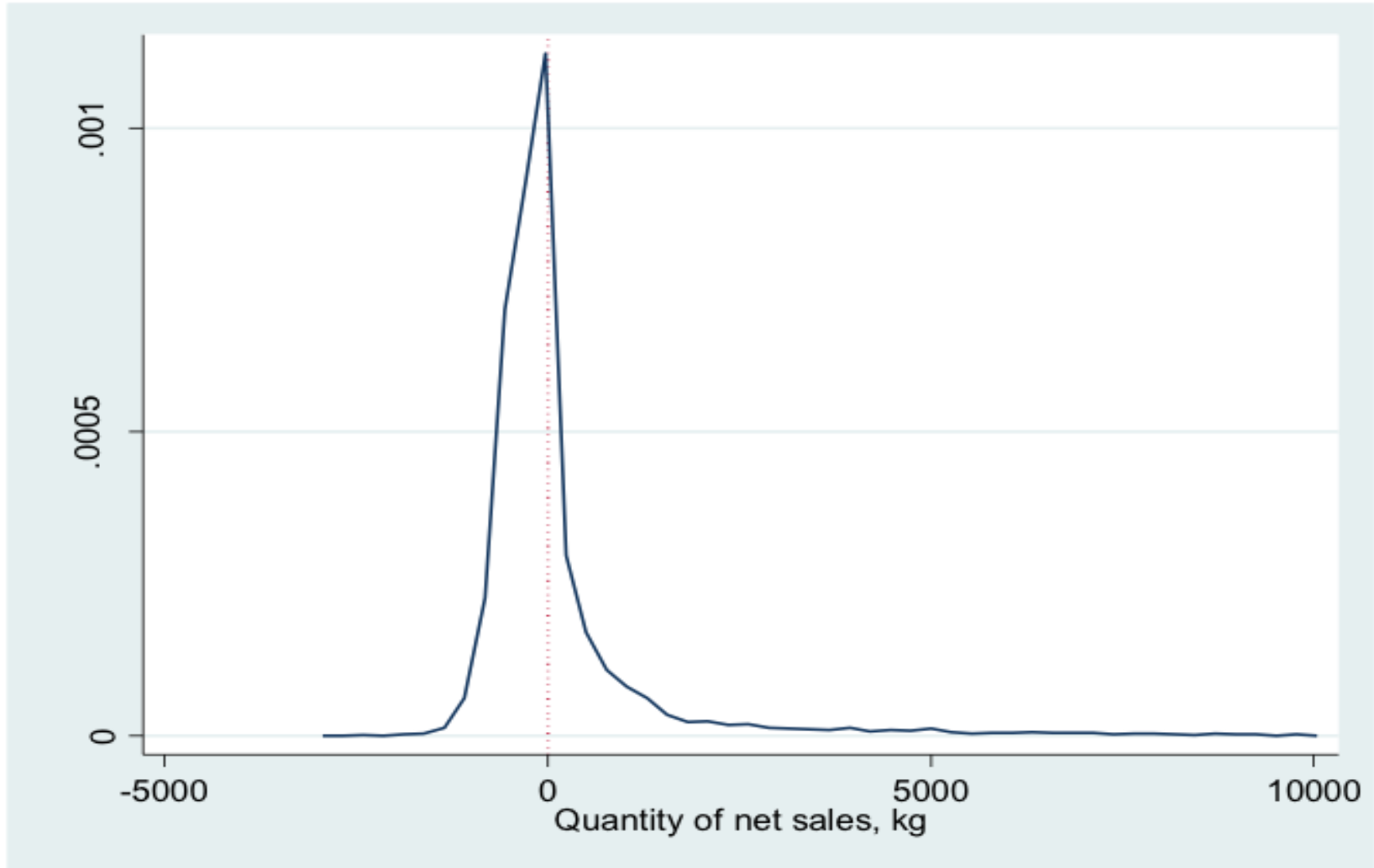|	Total	Rural	Urban
All households			
Net sellers	30.00	37.79	6.76
Net buyers	63.84	54.48	91.76
Zero net sales	6.16	7.73	1.47
Total	_100_	_100_	_100_
Poor households			
Net sellers	34.38	35.26	19.75
Net buyers	52.38	50.85	77.78
Zero net sales	13.24	13.88	2.47
Total	_100_	_100_	_100_
Households near poverty line			
Net sellers	40.27	41.63	24.14
Net buyers	51.28	49.20	75.86
Zero net sales	8.46	9.17	0.00
Total	_100_	_100_	_100_

Thanks for listening

Vietnam: Rural households, distribution of rice sales by value, 2006

Vietnam: Rural households, distribution of rice sales by quantity, 2006

Productivity growth in agriculture is effective in reducing rural poverty: Evidence from Indonesia, using province level data

Dependent variable: Change in rural poverty

Independent variables:	Coefficient	Standard error
Change in total factor productivity in agriculture	-0.10202**	(0.04667)
Change in factor income in agriculture	0.00001	(0.00003)
Change in per capita non-agriculture income	-0.00073	(0.00064)
Change in Food Price over CPI	14.97735***	(2.92603)
t1	-1.96897***	(0.41357)
t2	-1.38627***	(0.41523)
Constant term	0.81070***	(0.27712)
Number of observations	84	
R^2	0.475	