MANAGING FOOD PRICE VOLATILITY:
Policy Options to Support Healthy Diets and Nutrition in the Context of Uncertainty

POLICY BRIEF No. 4 | March 2016 | **SUMMARY MESSAGES FOR DECISION MAKERS**

The need for action

- A major concern for policymakers today is protecting consumers and their ability to acquire nutritionally-adequate diets in the face of current and projected increases in food prices and food price volatility.
- Price volatility is a particularly serious problem for poor households, especially in low-income countries, as these households spend as much as 75% of their total income on food.
- Unexpected price declines can lead to a sharp fall in incomes while price rises often reduce the quantity and quality (diversity and nutrient density) of foods consumed.
- For poor urban consumers, unanticipated increases in food prices require dietary changes that often result in poorer nutrition, if not outright hunger.

Policy action to manage price volatility

The challenge for policymakers is to identify the right combination of policy actions across the food system that will dampen price volatility, thus protecting consumption and nutrition while mitigating impacts on rural incomes and production. However, policies which fail to recognise and accommodate these relationships are likely to fall short of delivering the desired outcomes.

Policymakers can employ a variety of policy tools to better predict prices and manage the price volatility that compromises good nutrition and ultimately threatens food system integrity. Policy options and their prioritisation are context dependent, but they can include interventions that:

- Promote long-term growth in agricultural productivity, through for example the production of diverse commodities that contribute to healthy diets;
- Foster efficient and stable food markets, through investments in road infrastructure and its upkeep;
- Encourage the transformation of agricultural commodities into food products that are affordable, safe and nutritious;
- Provide targeted and flexible food safety nets to ensure access to healthy diets and national nutrition security.

Policy recommendations

The Global Panel recommends that policymakers consider the following measures to anticipate and mitigate the negative nutritional outcomes of unforeseen price rises and increased price volatility and uncertainty.

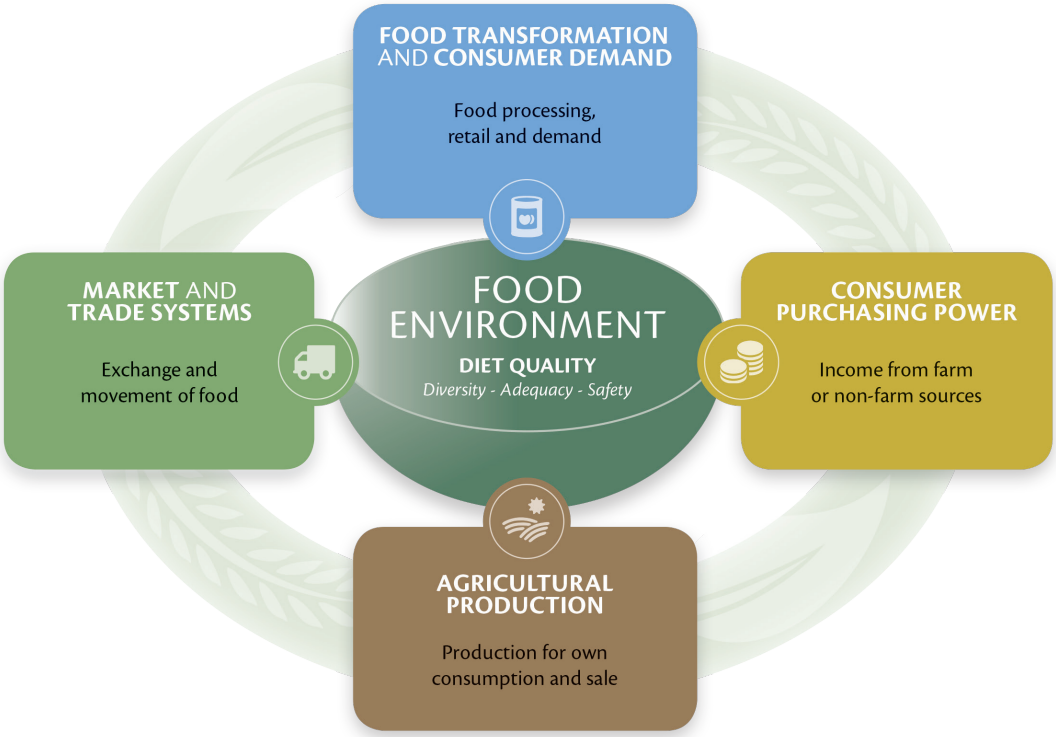
1. Invest in market monitoring and market-based insurance systems
2. Invest in agricultural productivity growth
3. Facilitate efficient food and agriculture markets and trade
4. Build food transformation capacity to enhance nutritional quality of foods
5. Establish targeted cost-effective consumer protection

Global Panel on Agriculture and Food Systems for Nutrition

How can Agriculture and Food System Policies improve Nutrition?

The multiple burdens on health created today for low- and middle-income countries by food-related nutrition problems include not only persistent undernutrition and stunting, but also widespread vitamin and mineral deficiencies and growing prevalence of overweight, obesity and non-communicable diseases. These different forms of malnutrition limit people's opportunity to live healthy and productive lives, and impede the growth of economies and whole societies.

The food environment from which consumers should be able to create healthy diets is influenced by four domains of economic activity:



In each of these domains, there is a range of policies that can have enormous influence on nutritional outcomes. In the Global Panel's Technical Brief, we explain how these policies can influence nutrition, both positively and negatively. We make an argument for an integrated approach, drawing on policies from across these domains, and the need for more empirical evidence to identify successful approaches.

Find out more here: www.glopan.org/Food-Price-Volatility

Managing food price volatility provides examples of policies within the market and trade systems domain that can mitigate the negative impacts of food price volatility on diets and nutrition.

Download *Policy Brief No. 4* here: **http://glopan.org/Food-Price-Volatility**

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T +44 20 3073 8325 E secretariat@glopan.org W glopan.org @Glo_PAN