

# Feeding a Hungry World: A Vision for Food Aid in the 21st Century



## Bread for the World Institute

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*We, the Heads of State and Government, or our representatives, gathered at the World Food Summit at the invitation of the Food and Agriculture Organization of the United Nations, reaffirm the right of everyone to have access to safe and nutritious food, consistent with the right to adequate food and the fundamental right of everyone to be free from hunger.*

**(Rome Declaration on World Food Security, November 13, 1996)**

At the World Food Summit (WFS) in 1996, 186 nations came together and pledged to provide the moral and political leadership needed to alleviate extreme hunger and malnutrition. WFS participant countries pledged to reduce by half the number of undernourished people in the world. Nearly 10 years on, there has been minimal progress toward this historic goal. Globally, undernourishment has declined by 3 percent.<sup>1</sup>

That means that there are presently more than 850 million people who do not have enough food to eat<sup>2</sup> and 2.7 billion people living on less than \$2 a day.<sup>3</sup> And in sub-Saharan Africa the situation has actually worsened since the WFS.<sup>4</sup> There, the combination of political unrest, conflict, drought and disease – principally AIDS – and continued high population growth adds up to a grim scenario for the coming years. Despite several renewed commitments to significantly reduce world hunger and poverty since the WFS -- most notably as part of the Millennium Development Goals – it's clear that an enormous amount of work remains to be done.

As countries rich and poor take stock of these tasks, debate continues about the kinds of resources and efforts that will best achieve these goals and the levels required. Part of this debate has focused on food aid. Over the past 50 years, food aid has been one of the principal resources deployed in the effort to end hunger, and a number of donor countries, the United States prominent among them, have channeled billions of dollars' worth of food to developing countries.

There is no question that food aid has been instrumental in saving lives, improving nutrition, and easing the debilitating effects of poverty on human health and development. In places wracked by war or natural disaster, emergency food aid is often necessary to respond to acute human suffering. Food aid has also proven a valuable tool in a variety of development projects, such as school feeding programs and maternal/child health initiatives. These relief and development activities are important initiatives that continue to merit strong international support.

However, concerns have been expressed about the structure and implementation of food aid programs, about whether food aid is really an efficient means of meeting critical food needs, and about the impact of food aid on agricultural prices and production levels in recipient countries – in sum, how efficiently and effectively is food aid meeting human

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<sup>1</sup> United Nations Millennium Project (2005) 13.

<sup>2</sup> Food and Agricultural Organization of the United Nations (2004) 6.

<sup>3</sup> World Bank (2005) 67.

<sup>4</sup> United Nations Millennium Development Goals Report (2005) p. 2.

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and development needs? These concerns suggest a need to reconsider this special form of aid.

The United States is the world's most generous donor of food aid, and its efforts have saved millions of lives. Yet U.S. food aid is also intended to support domestic agricultural and export trade objectives. U.S. food aid programs seek to "expand international trade" and "develop and expand export markets for United States agricultural commodities,"<sup>5</sup> objectives that may blur the fundamental goal of feeding hungry people.

Concerns have also been voiced about the impact of food aid on other development objectives -- specifically, that the distribution of food aid may undercut development activities aimed at encouraging increased agricultural production in food aid recipient countries. Eighty percent of the world's hungry people live in rural areas, and fully 50 percent rely on farming for their livelihoods.<sup>6</sup> Smallhold and tenant farmers, along with farm laborers, represent the largest group of undernourished people in the world. If the availability of food aid diminishes demand for locally produced food, then providing food aid may depress market prices, decrease agricultural production and reduce income for the neediest segments of the population.

With our mission of seeking justice for hungry people, Bread for the World advocates development assistance that improves food security, reduces hunger and poverty and supports human and economic development. We recognize that a variety of strategies and financial supports are needed to achieve these objectives. From technical assistance to cash aid to in-kind contributions, the task of alleviating poverty and hunger requires a robust, adaptable resource pool. Food aid is one useful tool among many; it must be complemented by efforts to create an environment where individuals are empowered to meet development goals for themselves.

The remainder of this report will focus on the benefits and costs of food aid and set forth recommendations for making food aid more efficient and effective. It is an opportune moment to reflect on how food aid programs, those of the United States in particular, may be strengthened to achieve hunger and poverty reduction more effectively. U.S. food aid programs, authorized through the federal farm bill, are on track to be renegotiated in 2007. The United States is also actively engaged in World Trade Organization (WTO) trade negotiations, which will very likely affect food aid practices. Through the dual avenues of the U.S. farm bill and WTO negotiations, it should be possible to improve developing countries' prospects for food security and sustainable development while strengthening donor support for effective food aid programs.

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<sup>5</sup> *Agricultural Trade Development and Assistance*, §1691.

<sup>6</sup> United Nations Millennium Project (2005).

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## I. Food Aid Definitions and Descriptions

Food aid can be simply defined as the “*international sourcing of concessional resources in the form of or for the provision of food.*”<sup>7</sup> While succinct, this definition requires further unpacking, because food aid takes several different forms and is used for a number of different purposes. Six elements of food aid are differentiated and described below.

- 1) *Food aid is an international transfer of resources.* Although domestic food and nutrition programs are sometimes referred to as food aid, for our purposes “food aid” involves flows of food (or resources to purchase food) across international borders.
- 2) *Food aid is provided on concessional terms.* Most food aid is provided in the form of grants. Concessional sales (low interest loans with extended repayment periods) account for a small and declining share of total food aid.
- 3) *Resources for food aid are provided either as cash earmarked for the purchase of food or as in-kind transfers.* This is a major distinction between food aid programs of the European Union (EU) and those of the United States: Almost all U.S. food aid is in-kind, produced in the United States and shipped to countries around the world. In contrast, the EU mainly provides cash to relief and development agencies, which is then used to purchase food in developing countries. (Individual EU countries also provide food aid, and significant differences often exist between EU-wide policies and the food aid policies of individual EU countries). Canada and Australia, which are also major food aid donors, provide a mixture of in-kind resources and cash for food purchases.
- 4) *There is no fixed list of commodities used as food aid.* Cereal grains, pulses, blended foods, dried milk, and prepackaged meals-ready-to-eat (MREs) have been donated as food aid. In practice, the vast majority of food aid, more than 80 percent in most years, is comprised of basic cereal grains such as rice and wheat, or soybeans.<sup>8</sup>
- 5) *Food aid is provided through both bilateral and multilateral channels.* Bilateral food aid can be provided through government-to-government agreements or through agreements between the U.S. government or other sponsoring countries and private voluntary organizations (PVOs). Multilateral food aid means that grants from donor countries are given to international public institutions, mainly the U.N. World Food Program (WFP), which then enters into agreements with PVOs to administer programs within recipient countries.

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<sup>7</sup> Barrett and Maxwell (2005) 5.

<sup>8</sup> World Food Programme (2005a).

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- 6) *Food aid is used for a variety of purposes.* Some food aid is used for direct feeding programs in emergency situations. Relief and development agencies also use food aid as a resource in their development activities. Finally, a declining volume of food aid is used to assist countries experiencing unfavorable terms of trade. These different types are known as emergency, project, and program food aid.

**Emergency Food Aid** responds primarily to the immediate humanitarian needs of people affected by man-made or natural disasters, generally distributed among displaced populations or in areas experiencing acute food shortages. But emergency food aid is also provided to communities affected by chronic food crises. The WFP administers the lion's share of emergency food aid, normally channeling it through PVOs who manage its final distribution. In recent years, more than half of total food aid flows have been emergency food aid.

**Project Food Aid**, provided in the form of grants, is a resource used in a variety of development projects, ranging from rural road construction using food as payment for workers, to school meals or health and nutrition services designed for vulnerable groups. In many instances where food aid is provided in-kind, some or all of it is sold in local markets to generate funds to cover project costs and finance related development activities. This is called monetization.

Most project food aid is provided, directly or indirectly, to PVOs operating in developing countries and countries in transition. CARE, Catholic Relief Services, the Adventist Development and Relief Agency, World Vision and Save the Children are organizations that routinely include food aid as a component of their relief and development activities.

**Program Food Aid** is given or sold from one government to another. Recipient governments monetize this food aid to generate funds which can then be used to finance domestic initiatives. For many years, the United States has been the major provider of program food aid, on a concessional sale basis. As noted above, this category of food aid is declining in importance. In fact, the president's FY 2007 budget request does not include any funding for program food aid.

These three categories of food aid respond to different needs. Emergency and development food aid have a direct humanitarian or microeconomic focus, while program food aid is generally designed to meet macroeconomic objectives. Using food aid for these various purposes has significant implications, some of which will be explored in the following sections

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A major difference among the different types of food aid is how much emphasis they place on targeting -- providing specific food aid to a specific population over a set period of time. For example, feeding programs may be designed to reach the entire population of a refugee camp for the duration of their stay, or may be targeted to expectant and new mothers, infants, and young children in a certain region during a particular season.<sup>9</sup>

Emergency food aid is generally the most targeted type of food aid and program food aid the least. Project food aid falls somewhere in between, depending on how individual projects are designed. Targeting helps assure that the food reaches those most in need, and can also mitigate potential market distortions resulting from competition between food aid and commercially available food. In short, targeting helps make the most of this important aid resource. Its disadvantage is that administrative costs increase because agencies must monitor distribution more closely to ensure that targeted food aid actually reaches the intended beneficiaries.

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<sup>9</sup> Barrett and Maxwell (2005) 139.

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**II. Current Food Aid Flows and Historic Trends**

The principal international agreement covering food aid is the Food Aid Convention, first negotiated and signed in 1967. Its initial objective was “to carry out a food aid program with the help of contributions for the benefit of developing countries.”<sup>10</sup> It set a minimum tonnage level for international food aid (currently 4.95 million metric tons of wheat or the equivalent in other grains), and signatories each agreed to provide a fixed proportion of this. All major food aid donors are signatories to the Food Aid Convention.

The international community has generally met or exceeded the minimum Food Aid Convention commitment, typically providing 10-13 million metric tons annually. In 2004, 90 donors provided 7.5 million metric tons (MT) of food aid to 92 countries. Just 22 countries accounted for the vast majority of donations,<sup>11</sup> and more than half -- 4.2 million MT -- was donated by the United States. Since 1970, the U.S. Government has provided an average of 6 million MT of food per year, or 50 to 60 percent of the total annual food aid flows.<sup>12</sup> In recent years the second-largest donor behind the United States has been the European Union, although Canada, Japan and Australia also provide substantial amounts of food aid.

**U.S. Food Aid Programs: Legal Framework and Recent Expenditures**

Administered by two different agencies and authorized through several different laws, the United States provides emergency, project and program food aid. The main legal mechanism for food aid is the Agricultural Trade, Development, and Assistance Act of 1954. More commonly referred to as Public Law 480 (PL 480) or Food for Peace, the act contains three titles.

Under Title I, the U.S. Department of Agriculture is authorized to provide program food aid directly to governments through sales on concessional terms. Title I was not funded in 2006, and is not slated for funding in 2007.

Title II of PL 480 is administered by the U.S. Agency for International Development (USAID). Title II authorizes USAID to provide food aid to agencies administering humanitarian aid or development programs. While Congress intended that the bulk of Title II food aid resources be directed to development projects, emergencies have received a larger share of available Title II resources in the past several years.<sup>13</sup> In 2004, in fact, emergency response accounted for 70 percent of Title II funding. In the preceding eight years, the ratio of emergency to non-emergency Title II programming was close to 50/50.

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<sup>10</sup> Food Aid Convention, 1967

<sup>11</sup> World Food Programme (2005a).

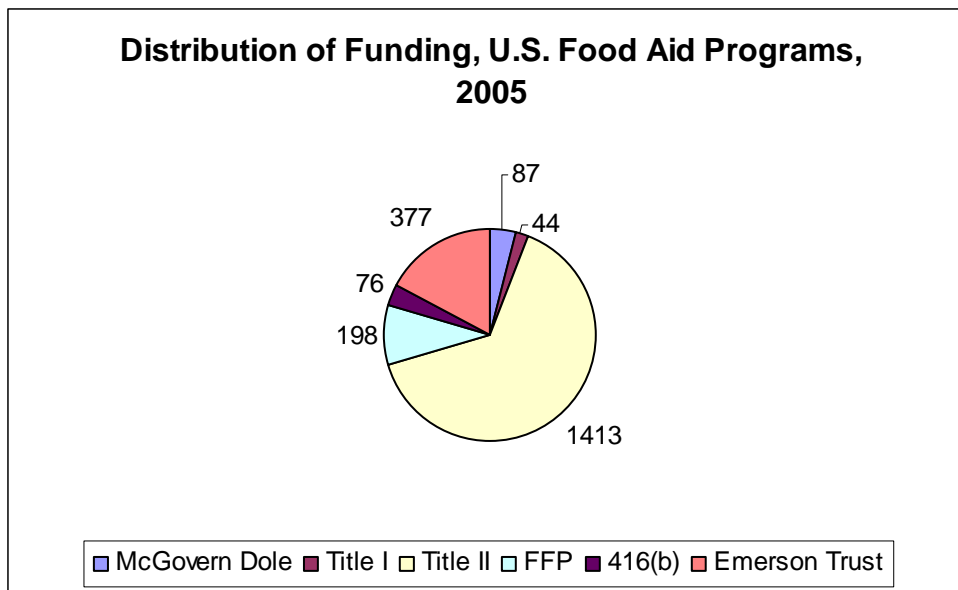
<sup>12</sup> Lowder and Raney (2005) 4.

<sup>13</sup> *Agricultural Trade Development and Assistance*, §1724(a). The law mandates a 25/75 split in funding for emergency/non-emergency programming, but it also provides for an override at the discretion of USAID.

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Title III, administered by USAID, provides for government-to-government grants of food aid. In recent years, this title has not been funded.

Other food aid programs include Food for Progress, the McGovern-Dole Food for Education Program, the 416(b) program, and the Bill Emerson Humanitarian Trust. The 416(b) program is supplied through surplus U.S. government food stocks. More information about the various U.S. food aid programs can be found in Appendix A.



(OMB FY 2007 Budget, Appendix p. 167)

Shifting priorities in food aid programs are reflected in U.S. food aid budget allocations, which currently favor project and emergency food aid. Title II is the United States' largest food aid program, with a budget in 2004 of \$1.2 billion.<sup>14</sup> A small amount of money under section 202(e) is available to facilitate the delivery of Title II in-kind food aid, e.g., for payment of local distribution and administration costs. In 2004, these funds totaled \$83 million.<sup>15</sup>

A sizeable percentage of U.S. food aid is monetized. In 2004, approximately 70 percent of Title II and 40 percent of Food for Progress and 416(b) food aid allocations<sup>16</sup> were monetized. Monetization has a relatively brief history as a practice specifically authorized under U.S. law. In 1990, Congress revised food aid program law to require that a minimum of 10 percent of non-emergency food aid be monetized, anticipating that monetized food aid funds would be used to cover the costs of internal transport, shipping, and handling of food aid. In 1996, this minimum was raised to 15 percent.

<sup>14</sup> U.S. Agency for International Development (2006).

<sup>15</sup> U.S. Agency for International Development (2006).

<sup>16</sup> Bonnard, P., Haggerty, P., Swindale, A., Bergson, G., and Dempsey, J. (2002) vii; Barrett and Maxwell (2005) 133.

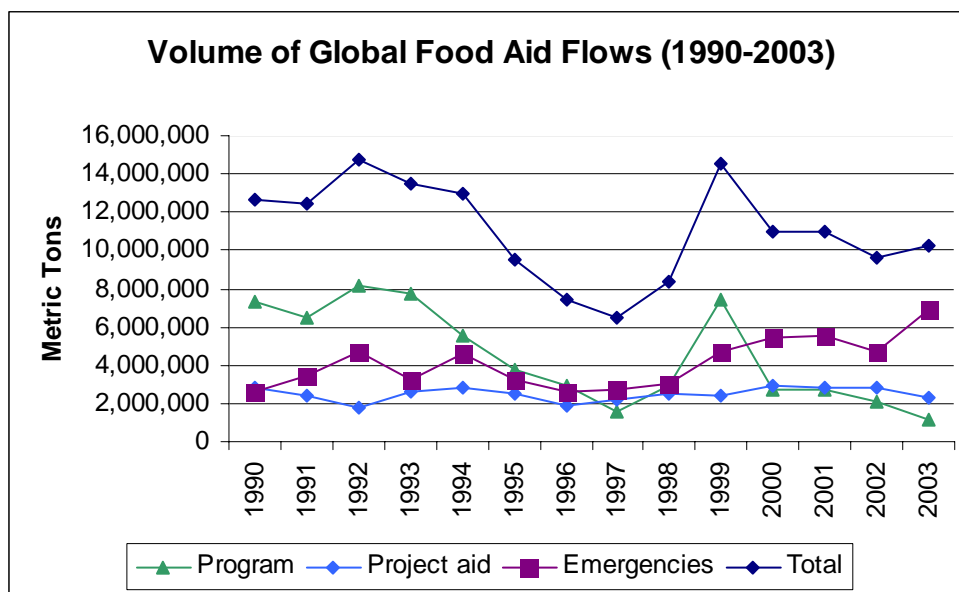
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Actual levels of monetization have consistently been well above the minimum. In 2002, 64 percent of all non-emergency Title II food aid was monetized,<sup>17</sup> generating \$383 million to support a range of development and food security activities. The monetization of non-emergency food aid, when carefully designed and implemented, can help enhance competition and develop the knowledge and capacity of small-scale traders to participate in commercial transactions.<sup>18</sup> There is a growing body of knowledge that describes best practices for monetization, demonstrating that it can be done well with minimal negative impact on markets.<sup>19</sup>

However, when local market development is not an explicit goal, monetizing food aid is simply a necessary intermediate step to generate operating and administrative funds. While cash grants would be more efficient, monetization is often the only source of funding available to development agencies for such priority activities as rural infrastructure construction.

From year to year food aid flows vary, sometimes substantially. Between 1998 and 1999, for example, food aid almost doubled, jumping from 8.4 million MT to 15 million MT. Seventy-six percent of this change was due to large program food aid contributions. By 2003, food aid flows were less than half the level of 1999.



(WFP, INTERFAIS, 2004 *Food Aid Flows*)

There are several reasons for these shifting food aid flows. First, food aid responds directly to global demand. Emergency food aid increases with the number of major humanitarian crises – such as the Asian tsunami of late 2004. Second, the price of commodities determines the amount of aid that can be purchased with a set budget. When prices are high, the volume of global food aid shrinks; when prices are low, the volume

<sup>17</sup> Bonnard, P., Haggerty, P., Swindale, A., Bergson, G., and Dempsey, J. (2002) 27.

<sup>18</sup> Tschirly and Howard (2003).

<sup>19</sup> ACIDI/VOCA (2003) and U.S. Agency for International Development (1998).

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increases. Commitments under the Food Aid Convention are based on volume rather than monetary value, so the Convention should, in principle, contribute modestly to making food aid counter-cyclical with respect to world grains supplies. In practice, this does not occur. Food aid is closely linked with the size of U.S. harvests and global grain prices. In consequence, food aid tends to be pro-cyclical – supplies go down in times of scarcity and vice versa -- since all donors budget for food aid in monetary terms, rather than tonnage.<sup>20</sup>

Third, for countries that provide in-kind food aid, the level of aid is partly determined by the availability of surplus domestic stocks. Greater carry-over stocks from one year to the next can result in increased food aid levels.<sup>21</sup> In fact, the food aid programs of several major donors, the United States included, were originally designed to help redistribute surplus food stocks accumulated as a result of domestic agricultural price-support programs. Currently, though, only one U.S. food aid program, Section 416(b), is directly tied to government-held surplus food stocks. In recent years, this program has been relatively small, though it's possible that it will continue to serve as a means of surplus disposal.<sup>22</sup>

A closer look at food aid donations during 1999 demonstrates how the presence of large surpluses can drive food aid allocations. That year, Russia experienced a financial crisis that threatened to seriously erode the country's economic and political stability. At the same time, U.S. wheat stocks climbed to an 11-year high, and world wheat stocks remained large as well.<sup>23</sup> In a demonstration of support for the Russian government, the United States donated 1.7 million MT of wheat to Russia under Section 416(b) and provided another 1.8 million MT of food aid under Title I. As one government official concluded, "With the Asian financial crisis, U.S. commercial agricultural exports did not increase as expected, resulting in large surpluses that the government purchased and made available as food aid. These surpluses became a principal inducement for the United States to provide large quantities of food aid to Russia in 1999 and 2000."<sup>24</sup> The vast majority of all food aid received by Russia in 1999 was sold on local markets to generate cash for government expenditures. Only a small portion was directed to feeding programs for vulnerable people.

The fact that the bulk of food aid to Russia in 1999 was program aid illustrates the conjunction between this kind of food aid, the prevalence of surplus food stocks and U.S. foreign policy interests. Indeed, for many years program food aid dominated food aid flows, though as noted above, over the past 15 years it has declined significantly. In 1990, nearly half of all contributions were for program food aid, but by 2004 program food aid constituted only 13 percent of total contributions. This decline occurred at the same time as the United States was seeking to decrease government surplus food stocks.

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<sup>20</sup> Hoddinott & Cohen, p. 5

<sup>21</sup> Barrett and Maxwell (2005) 32.

<sup>22</sup> Other objectives for U.S. food aid include enhancing U.S. geopolitical objectives, and developing long-term overseas markets. Per Barrett and Maxwell (p. 49) there is no evidence that food aid has been effective in advancing either.

<sup>23</sup> U.S. Department of Agriculture (1998).

<sup>24</sup> U.S. Government Accountability Office (2002).

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The recent trend away from program food aid and toward project and emergency food aid suggests a basic -- and appropriate -- shift in orientation on the part of food aid donors. Further rethinking, leading to changes in food aid program administration, could help food aid realize its potential as an important resource to improve nutrition and food security.

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### **III. Food Aid for Nutrition & Food Security**

In considering the appropriate role of food aid, it is helpful to reflect on how food and other resources are used to alleviate hunger and improve food security. When, in 1996, countries pledged to cut hunger and food insecurity in half by 2015, they also agreed to a definition of what this means in real terms: “Food security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life.”<sup>25</sup>

In this view, food security is a multidimensional measure of health and well-being, with the causes of hunger defined in terms of three parameters: availability, access, and utilization. Availability is a simple measure of the quantity of available food and its geographic distribution; access refers to the degree of social and economic constraints that limit the production, purchase, or consumption of healthy food; and utilization reflects not only the practical issues of how food is prepared or stored, but also whether the body is capable of digesting and retaining the food’s caloric and micronutrient content.<sup>26</sup>

Some problems related to access, availability, and utilization are national or regional in scope, some must be addressed at the local or community level, and some are household-specific. Improving food security requires strategies that operate at all of these levels.

When availability and access are limited, food aid may be the most efficient means of fighting food insecurity and hunger. During humanitarian emergencies, when local food markets have been disrupted, the direct provision of food aid may be necessary to prevent hunger or starvation. Specially fortified foods donated as food aid and not available on local markets can meet critical health and nutrition needs, especially for women, infants and young children. Direct feeding activities ensure adequate nutrition for vulnerable populations, especially people who are elderly or ill, mothers, infants, and young and school-age children. A growing body of knowledge attests to the nutritional benefits of using food aid in this way.<sup>27</sup> Further, such food aid can be used to develop markets for fortified and specialized foods by demonstrating demand and linking that with sources of supply.

For other food insecurity situations, however, providing food may not be the most effective response. When hunger is chronic, localized food shortages might be better addressed through a combination of increased agricultural productivity, improved transportation and market infrastructure, and increased commercial trade. Access issues may be solved by providing poor people with the means to purchase locally-produced food, which has the dual benefits of shortening the time required to provide the food and providing incentives, through higher prices, for increased local production. Improvements in the quantity and quality of food grown in the developing world will not only alleviate problems of food availability, but can also assist in poverty reduction among smallhold

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<sup>25</sup> Food and Agricultural Organization of the United Nations (Nov. 1996) Para. 1.

<sup>26</sup> U.S. Agency for International Development (May 2005) 11.

<sup>27</sup> Bonnard, P., Haggerty, P., Swindale, A., Bergson, G., and Dempsey, J. (2002) 63.

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and tenant farmers, groups that represent a major proportion of the world's hungry and poor people.

Effective nutrient uptake depends as much or more on basic sanitation and health conditions as it does on the quantity of food consumed. To improve utilization, then, complementary investments are needed to ensure that the desired nutritional impact of food aid is realized.

There are other situations where cash would clearly be a preferred alternative to in-kind food aid. Balance-of-payment support provided through program food aid could always be more effectively achieved through the provision of cash. And where PVOs monetize project food aid to generate funds for relief and development activities, the potential benefits of food aid as a source of nutrition may be lost unless the development initiatives are carefully targeted.

Quite simply, although the provision of food aid can be effective in meeting specific needs, in and of itself it is not sufficient to address all the different facets of food insecurity. Food insecurity is largely a result of poverty, and food aid alone is an inadequate mechanism to address this underlying issue.

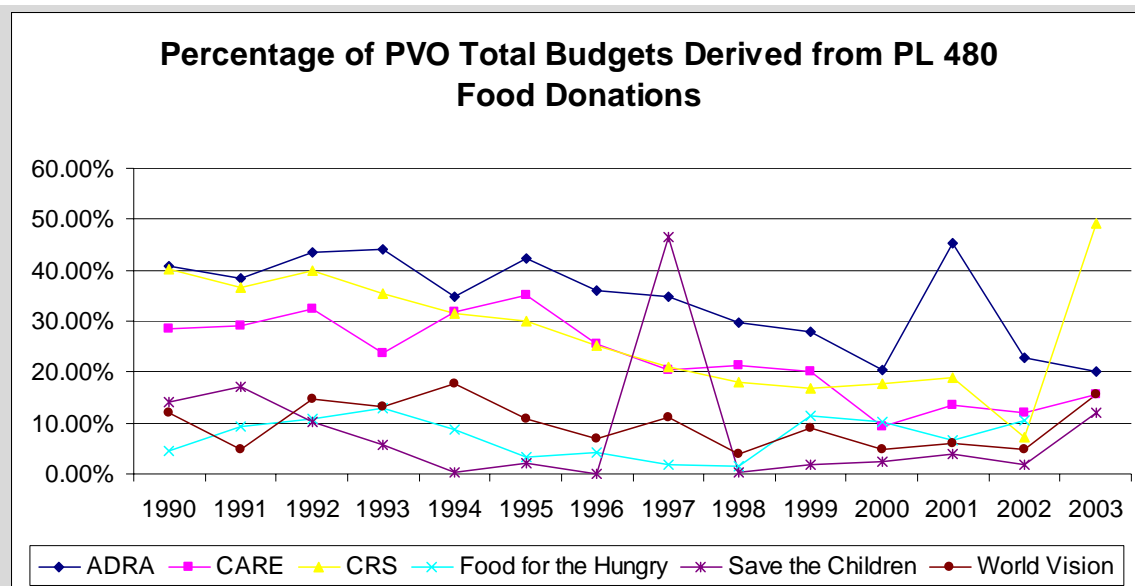
The bottom line is that food aid should be one input among an array of interventions used to improve nutrition and food security. Except in the most extreme emergency situations, the goal should not be simply to feed people, but to empower them with the resources and knowledge that will help them achieve food security for themselves.

### **Private Voluntary Organizations and Food Aid: A Special Relationship**

A number of U.S. private voluntary organizations (PVOs) use food aid in their development programming, either in direct feeding programs for vulnerable populations - especially people who are elderly or ill, mothers, infants, and preschool and school-age children -- or through monetization.

As shown in the following table, food aid has been a vital resource for PVOs who operate relief and development activities. In some years it accounts for more than a third of the total operating budgets of some PVOs. However, a dependence on food aid to fund their work makes the organizations vulnerable to the shifting budget priorities that affect Title II. A recent example from the 2005 budget debate is illustrative.

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*(USAID Report of Voluntary Agencies, 1992-2005)*

In 2005, USAID proposed a \$300 million reallocation, taking money out of Title II for a new account designated for local and regional food aid purchases during emergencies.<sup>28</sup> Despite the potential benefits in terms of costs and timeliness from such a change (see sec. IV for more on local and triangular transactions), the proposal was opposed by a number of PVOs who feared that the new account would be funded from the existing Title II budget, leading to a funding shortfall for food aid-funded activities that they had already scheduled. American shipping and agricultural interest groups who benefit from the current structure of U.S. food aid programs also objected to the proposed changes. The PVOs instead proposed a smaller account funded outside the existing Title II budget.<sup>29</sup> Ultimately, neither the USAID proposal nor the PVOs' alternative was approved by Congress.

Since then, one major PVO has altered its position considerably. CARE USA now supports efforts to shift Title II funding into local and regional purchases. Additionally, CARE has decided to phase out food aid monetization entirely by 2009.<sup>30</sup> Although the organization recognizes that this could result in reduced overall revenues for its development activities, CARE has concluded that the new policy is more compatible with and supportive of long-term food security objectives.

<sup>28</sup> Local purchases originate in the country of final destination. Triangular transactions utilize funds from one country to purchase food in a second country for use in a third location.

<sup>29</sup> Coalition for Food Aid to The Honorable Robert F. Bennett (2005) 3.

<sup>30</sup> CARE-USA (2005).

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### **IV. Food Aid and Food Markets**

A look at how food aid affects local food markets in recipient countries reveals two separate but interrelated problems. First, assuming that local markets are in place and functioning, non-emergency food aid may affect the types and quantity of foods that are produced locally. Second, food aid distributions may also affect consumption patterns and consumer purchases.

Food aid should be designed to make the most effective use of an important resource without simultaneously undermining efforts on the part of recipient countries to achieve food security (the ability to produce, or trade for, the food needed to meet requirements on an ongoing basis). Poorly targeted food aid, especially where the total food supply from local production plus the imports matches or exceeds demand, can create downward price pressures and discourage local production. But this is not a clear-cut issue, because consumers benefit from low prices and studies have shown that small farmers are often net buyers of food grains. In such situations the timing of food deliveries becomes critical: food deliveries should be timed to arrive when prices are highest, normally in the months prior to the main harvest, thus maximizing consumer benefit.

Food aid-supported activities aimed at improving nutrition among vulnerable groups – e.g., pregnant and nursing mothers, small children -- will make effective use of the resources while reducing the likelihood that food aid will compete with commercially available food. "Food for education" is another productive use of food aid. Studies attest to the value of school feeding as an inducement for parents to send children -- especially girls -- to school.<sup>31</sup>

In situations where food aid improves health and nutrition or frees up resources that would otherwise be spent purchasing food, the assistance may actually encourage increased production. A healthy labor force with access to capital is vital to increasing labor productivity and output. One study in sub-Saharan Africa found that the effect of food aid on local production was positive. In that study, the distribution of food aid actually corresponded with a slight increase in agricultural production.<sup>32</sup>

The research on the impact of food aid on production and consumption patterns is scattered and frequently contradictory. Conclusive evidence demonstrating the effect of food aid on food markets regardless of time spans, geography, and type of program does not exist and may be impossible to obtain. Rather, while food aid undoubtedly affects production, supply, prices, and consumption, the outcomes depend on features specific to the individual situation.<sup>33</sup>

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<sup>31</sup> IFPRI, *Do Crowded Classrooms Crowd Out Learning, and Guatemala Community Daycare Program*

<sup>32</sup> Abdulai (2004).

<sup>33</sup> Barrett (2002).

**Food Aid and Food Markets: The Southern Africa Drought of 2002**

There are clear-cut cases where food aid has caused market distortions in recipient countries. One such situation occurred in southern Africa in 2002. That year, a large-scale food crisis emerged involving Malawi, Zambia, Zimbabwe, Lesotho, Swaziland and Mozambique. The crisis was precipitated by poor rainfall, which resulted in lower than normal maize production. Chronic poverty and poor decision-making by government authorities exacerbated the shortfall.

Responding to the acute food shortage, WFP launched an appeal to provide 1.2 million MT of food aid to 15 million people whose health and livelihoods were threatened.<sup>34</sup> Nine months after the launch of the appeal, relief agencies had delivered approximately 750,000 MT of the requested food aid.

Particularly in Malawi, these large-scale food aid donations combined with food imported through commercial channels and informal trade resulted in a surplus of grain on local markets.<sup>35</sup> In 2002, government-held stocks of grain sold for \$250 per MT. In 2003, the price had fallen to \$100 per MT. The loss to the Malawian government totaled \$15 million, and the low prices were disastrous for farmers.

The evidence suggests that the emergency response contributed to downward price pressures. Though there was no systematic study of the net effect on individual growers, the low price for government grain would also have been reflected in the prices that individual growers received in commercial transactions. In the year following the drought, production of staple grains dropped markedly.<sup>36</sup>

Nonetheless, even given the negative effects on local markets, the decision to provide in-kind food aid may have been the most appropriate response to the drought and ensuing crop failure. With well-founded fears of widespread hunger and starvation, there was good reason for relief and development agencies to react to the expected shortfall in cereal availability by providing large amounts of food aid. Without the influx of food, there would undoubtedly have been higher levels of malnutrition, starvation and death.

It is possible to minimize the potentially negative effects of food aid on food markets, even if it is not possible to eliminate them. For example, the United States requires that market studies (known as Bellmon Analyses) be conducted before non-emergency food aid can be shipped. These studies are meant to ensure that food aid imports will not significantly depress prices or displace commercial imports in recipient countries.<sup>37</sup> Such

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<sup>34</sup> U.S. Government Accountability Office (2003a) 5.

<sup>35</sup> Ibid.16.

<sup>36</sup> Mousseau (March 2004) 23.

<sup>37</sup> In emergency situations Bellmon Analysis are waived, since this aid is generally delivered to areas where markets are not effectively functioning. Moreover, most emergency food aid is delivered in kind and very little is monetized. This helps mitigate the potential impact food aid might have on local food markets. Where Bellmon Analyses are commonly used, there is some concern that they may not adequately capture all potential market effects, especially at the regional or local level.

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market analyses can help ensure that food aid imports do not significantly alter the balance of food availability within a country, a region, or even a village.

A second powerful method of ensuring that food aid does not result in commercial displacement is targeting the aid to vulnerable groups. In theory, perfectly targeted food aid is wholly additional, meaning it does not displace the purchase and consumption of commercially available food. In practice, targeting is never perfect. Some error is inevitable – either providing food to people who should be excluded or not getting food to those who should receive it.

Another important consideration is that for individuals, every dollar of free food received is a dollar that could theoretically be spent on other needs. Since rising income typically outpaces increasing food consumption, a dollar saved through food aid results in less than an additional dollar spent on other food.<sup>38</sup> Thus, some commercial displacement is inevitable. However, since very poor populations tend to spend any additional income primarily on food, these impacts should be negligible. In many sub-Saharan African countries, for example, any costs associated with market displacement caused by well-targeted food aid could well be outweighed by the benefits of improved nutrition and health.

The emphasis on targeting should affect the way food aid donor countries structure their programs. Although monetization allows food aid to be used for a variety of purposes, the potential negative impacts of poorly-targeted food aid on markets and farmer welfare suggest that its use should be carefully planned and monitored. And while targeting is costly and time-consuming, it is necessary given the effects food aid can have on food purchasing patterns and agricultural prices. The shortcomings of targeting are practical ones that can be lessened.

Overall, the evidence on the interrelationship of food aid with markets and the further effect on production is not conclusive either way. The potential for negative impact does make food aid a tool to be used with caution and care. Targeting food aid is one way of mitigating the possible damage and ensuring that food aid is truly "additional" rather than simply taking the place of food from other sources. Additional measures which can increase the efficiency and timeliness of food aid, such as "un-tying" procurement and relying more heavily on local and triangular purchases, are discussed in Section VI.

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<sup>38</sup> Referred to as Engel's law. See Barrett and Maxwell (2005) 71.

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**V. Food Aid and World Trade**

While our emphasis thus far has been on how commercial displacements caused by food aid might harm farmers in food aid recipient countries, there is also concern that it can affect larger agricultural trade interests. In the past, food aid was not considered in trade negotiations or included in multilateral trade agreements. However, the ground on this issue is shifting. While the U.S. government has argued that the World Trade Organization is an inappropriate forum in which to debate or negotiate food aid policies, the EU was successful in putting the issue on the agenda of the December 2005 WTO ministerial meeting in Hong Kong and incorporating language on food aid into its final declaration. Most food aid recipient countries also seem amenable to including food aid in the current Doha Round of multilateral trade negotiations.

In the context of negotiating an end date for its export subsidies, the EU charged that in-kind food aid amounts to a type of export subsidy and should thus be subject to the same trade disciplines as other, more traditional export subsidies. While agreeing to end export subsidies by 2013, the EU insisted on promises that other forms of export subsidization, in-kind food aid included, would be similarly curbed. The United States, as the main contributor of in-kind food aid, resisted the EU proposals but ultimately accepted the principle of trade disciplines for non-emergency food aid. The final ministerial declaration states:

On food aid, we reconfirm our commitment to maintain an adequate level and to take into account the interests of food aid recipient countries. To this end, a "safe box" for bona fide food aid will be provided to ensure that there is no unintended impediment to dealing with emergency situations. Beyond that, we will ensure elimination of commercial displacement. To this end, we will agree to effective disciplines on in-kind food aid, monetization and re-exports so that there can be no loophole for continuing export subsidization. The disciplines on export credits, export credit guarantees or insurance programmes, exporting state trading enterprises and food aid will be completed by 30 April 2006 as part of the modalities, including appropriate provision in favour of least-developed and net food-importing developing countries as provided for in paragraph 4 of the Marrakesh Decision.<sup>39</sup>

An appendix to the declaration points out, "There is not yet a common understanding of where emergency food aid ends and other food aid begins.... A fundamental sticking point is whether, except in exceptional, genuine emergency situations, Members should (albeit gradually) move towards untied, in-cash food aid only, as some Members propose but other Members strongly oppose." In short, Members are currently "clinging to fundamentally disparate conceptual premises." Thus, the operational details of this agreement are yet to be worked out and its overall effect on food aid has not been determined, but food aid will likely remain a contentious issue through the remainder of the Doha trade negotiations.

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<sup>39</sup> World Trade Organization (2005) para. 6.

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It is likely that creating a “safe box” for emergency food aid will require agreement on what constitutes an emergency and when emergency food aid is an appropriate response. Poorly defined terms of reference could lead to an unenforceable agreement and, worse, even slower responses to emergencies.

Secondly, the non-emergency categories of food aid – project and program – will need to be designed so as to avoid commercial displacement. Since some commercial displacement is likely whenever in-kind food aid is introduced into commercial markets, WTO disciplines on program and project food aid could lead to a substantial reduction in these forms of aid, especially that provided by the United States, and to pressures to phase out the monetization of food aid. The danger here, though, is that in-kind aid will not be replaced with equivalent cash assistance for local and regional food aid purchases.

Finally, the Hong Kong final declaration's reference to the Marrakesh decision recalls food aid debates during the previous round of trade negotiations. Under the agreement reached during this Uruguay Round, member countries acknowledged that some countries would face rising food import costs as a result of economic liberalization. Donor countries and organizations were encouraged to provide financial assistance, including additional food aid, to offset the cost of liberalization for the poorest countries and those most vulnerable to sharp fluctuations in world commodity prices -- low-income countries (LDCs) and net food-importing developing countries (NFIDCs). However, despite this agreement, no action was ever taken to increase financial assistance or food aid to countries experiencing increased food insecurity as a result of economic reforms.<sup>40</sup>

Invoking the Marrakesh decision to assure LDCs and NFIDCs that they will continue to receive adequate levels of development assistance for food security thus rings hollow. Full implementation should include operational measures and binding commitments to ensure that vulnerable countries receive assistance to help mitigate potential threats to food security.

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<sup>40</sup> Murphy, S. (2005) 74.

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**VI. Food Aid Program Efficiency**

Local purchases and triangular transactions can help improve the effectiveness and efficiency of food aid and, when done well, can both encourage local agricultural production and promote the development of markets. Local purchases originate in the country of final destination, while triangular transactions use funds from one country to purchase food in a second country for distribution in a third. In some instances, triangular transactions occur among a donor country and two neighboring states; for example, the EU may purchase food from Nigeria to redistribute in Niger. In other instances, where food shortages are regional, donors or aid agencies undertaking triangular transactions must procure food outside the region. The emphasis is still on purchasing food in developing countries for use in other developing countries wherever possible, taking into consideration cost, quality and likely market impacts.

For several reasons, local or triangular transactions may be preferable to the delivery of in-kind food aid. These transactions serve as a commercial outlet and incentive for local food production. And by redistributing rather than adding to overall food supplies, local and regional transactions avoid some of the market distortions associated with the delivery of in-kind food aid from donor countries. These transactions can also speed up the delivery and disbursement of food aid.

Purchases made regionally or in the country of final destination are often demonstrably more efficient than aid tied to procurement in the donor country. One recent study of the cost differentials between various food aid deliveries from donor countries versus the hypothetical cost of importing the same food to the same final destination through an internationally competitive commercial transaction found that local purchases were more efficient on average.<sup>41</sup> Triangular transactions were also demonstrated to be more efficient, with costs very close to those of hypothetical commercial transactions.<sup>42</sup> These results apply to open international tenders – not to delivery of food from the United States, with its associated higher transport costs.

However, during periods of acute food shortages – especially region-wide food shortages -- the local or regional purchase of food is not always an appropriate response, as illustrated by the case of Niger in 2005. There, WFP noted that a timely response to the crisis was hampered by “extreme difficulties in procuring food in the region.”<sup>43</sup>

Problems with local and triangular transactions may go beyond the issue of availability of food stocks in local or regional markets. Foods produced in the developing world may not be of the same quality or nutritional value, the result of a lack of capacity or market imperfections. Nevertheless, a growing number of donors have demonstrated that these purchases are viable on a fairly large scale. In 2004, local and triangular purchases accounted for approximately one-quarter of all food aid flows. The EU, Germany,

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<sup>41</sup> Clay, E., Riley, B, and Urey, I. (2004).

<sup>42</sup> Clay, E., Riley, B, and Urey, I., (2004) 43.

<sup>43</sup> World Food Program (2005b) para. 7.

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Norway and the United Kingdom sponsor the majority of such purchases,<sup>44</sup> many of them managed by WFP. Over the past several years, WFP has steadily increased the volume of food purchased through local and triangular transactions. In 2004, 69 percent of WFP food purchases, totaling \$725 million, originated in low and middle income countries or countries in transition.<sup>45</sup>

This trend among the EU and a number of other food aid donor countries to procure locally or regionally is strongly counterbalanced by the United States. In 2004, less than 1 percent of U.S. food aid was procured through local or triangular transactions.<sup>46</sup> In fact, purchase of food not of U.S. origin is prohibited by U.S. food aid law (although there is waiver authority for emergencies), and a number of regulations regarding how and in what form food aid is delivered further constrain the flexibility of U.S. food aid programs. For example, regulations require that 75 percent of non-emergency food aid be processed (refined, milled, fortified or packaged) prior to shipment.<sup>47</sup>

The practical outcome of this regulation is that large companies which specialize in the processing and marketing of value-added agricultural products win most bids to supply food aid to the U.S. government. Moreover, this small group of processors is paid a premium price for their products. A study of the cost of government food aid transactions with similar commercial transactions (same amount of the same commodity from the same place at the same time) found that food aid purchases by the U.S. government cost 11 percent more than prevailing market prices.<sup>48</sup>

In addition, cargo preference requirements -- essentially a subsidy for the U.S. shipping industry -- require that 75 percent of all food aid be shipped on American-flagged ships, whose cost is usually 25-30 percent higher than shipping on foreign-flag vessels.<sup>49</sup> In 2000-2001, nearly 40 percent of the total U.S. food aid budget was spent on shipping costs.<sup>50</sup> Thus, although supporting U.S. farmers is one of the frequently-cited rationales for maintaining the requirement of U.S. origin for food aid, the major beneficiaries of the current system are not farmers. Food aid procurements are much less than one percent of the total U.S. farm sector production, too small a percentage to have any effect on prices or incomes in any but exceptional circumstances.<sup>51</sup>

In short, tying the purchase, processing and shipping of food aid to U.S. companies drives up the cost of U.S. food aid substantially. As a result, less than 50 cents of every dollar spent on food aid actually pays for the cost of the food.<sup>52</sup> In other words, the same dollar

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<sup>44</sup> World Food Program (2005aa).

<sup>45</sup> World Food Program (2004a).

<sup>46</sup> World Food Program (2005a).

<sup>47</sup> *Agricultural Trade Development and Assistance*, §1724(b)(1).

<sup>48</sup> Barrett and Maxwell (2005), 92.

<sup>49</sup> Over 90 percent of the ocean freight differential is subsequently rebated to the Food for Peace program by the Maritime Administration. However, the net cost to the U.S. taxpayer remains.

<sup>50</sup> Barrett and Maxwell (2005), 95.

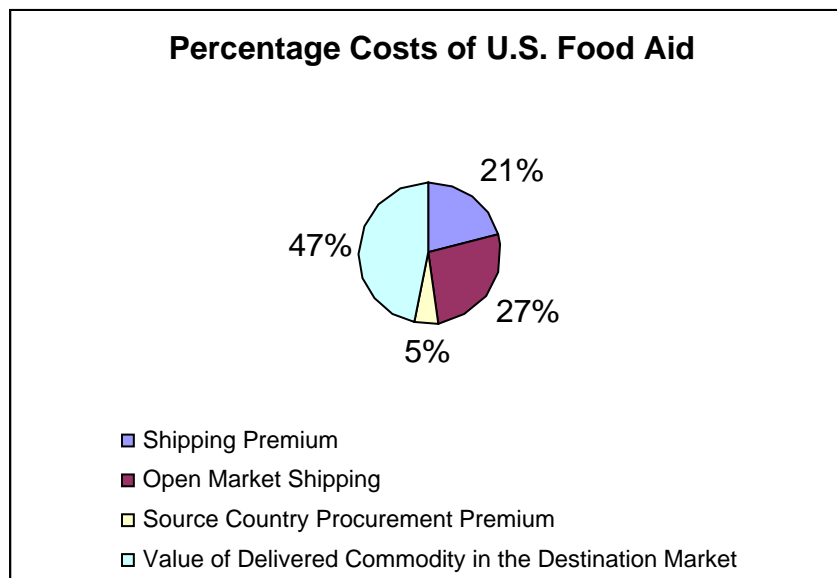
<sup>51</sup> Barrett and Maxwell (2005), 36

<sup>52</sup> Barrett and Maxwell (2005), 166.

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amount could fund roughly twice the current quantity of assistance if policies were improved.



(Barrett & Maxwell, p. 167)

For example, between 1999 and 2002, the United States provided more than 300,000 MT of food to Afghanistan, channeled through the WFP. A government review of the program noted that “as a result of the statutory requirement that U.S. agencies providing food assistance purchase U.S.-origin commodities and ship them on U.S.-flag vessels, assistance costs and delivery times were higher by \$35 million and 120 days, respectively, than if the United States had provided WFP with cash or regionally produced commodities. Had the U.S. assistance been purchased regionally, an additional 685,000 people could have been fed for one year.”<sup>54</sup>

Thus, in addition to the increased costs, these regulations can slow the response times for food aid shipments. This is an especially serious problem during emergencies, when delayed food aid shipments can literally be a matter of life and death. In the case of the Southern Africa drought, WFP noted that, “in-kind contributions take three to five months from the time donors confirm the contribution to the arrival of food aid at its final distribution sites... [W]hen contributions are made in cash and procurement is done within the region, the process can be reduced to one to three months.”<sup>55</sup> The consequences of these delays would have been even worse if pre-positioned U.S. food stocks had not been available for quick deployment. Fortunately, pre-positioned stocks were available to meet some of the short-term needs while a comprehensive response was launched.

<sup>53</sup> Barrett and Maxwell (2005), 167

<sup>54</sup> U.S. General Accounting Office (2003b), 1.

<sup>55</sup> U.S. General Accounting Office (2003a) 23.

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People who are dependent on food aid may be forced to adopt highly risky behaviors to cope with food emergencies. For example, sudden dramatic declines in the availability of food in a refugee camp in Uganda meant that people had to use a series of negative coping strategies, including “movement in unsafe areas in search of food (risking beatings, rape and even death); the sale of valuable assets and incursion of debt; the depletion of seed stocks and consumption of seeds for cultivation; as well as activities with more socio-political implications, such as theft, prostitution and desertion.”<sup>56</sup>

### **Emergency Food Aid: Improving the Capacity for Rapid Response**

In 2004, 4.4 million MT of food aid were delivered for emergency use in the Middle East, Latin America, Eastern Europe and post-tsunami South Asia combined. Sub-Saharan Africa composed the single largest recipient pool for emergency food aid, receiving 2.8 million MT.<sup>57</sup> The largest group of recipients includes more than 9 million people trapped as refugees outside the borders of their country; another 5.4 million remain displaced in their homelands.<sup>58</sup>

Generally, food aid during emergencies depends on a tripartite relationship: donor countries receive requests for food aid through organizations such as the World Food Program (WFP); after procurement and shipping, WFP mostly relies on private voluntary organizations (PVOs) to distribute food to vulnerable populations.

While WFP begins each budget cycle with a request for funding based on expected programmatic needs, it also requests additional funding to meet unanticipated emergency needs. The response to WFP emergency appeals can sometimes be slow, leading to delayed delivery of food aid and serious consequences for nutrition and health.

After reviewing a number of programs where food aid pipelines had broken down, WFP found that the majority of problems resulted from “under-funding, delayed funding or constraints in procurement.”<sup>59</sup> One aid agency worker, in a conversation with Bread for the World Institute, lamented how often general rations are only partially filled when various items in the food basket are not supplied. Sometimes the missing item is vegetable oil; at other times it may be a staple grain or source of protein.

Several initiatives exist to help speed the delivery of food aid. The United States, for example, has established a food aid pre-positioning center in the United Arab Emirates, which can be used for rapid responses to humanitarian emergencies. In addition, the U.N. Office for the Coordination of Humanitarian Affairs manages the Central Emergency Revolving Fund (CERF), an account available to U.N. agencies charged with responding

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<sup>56</sup> Payne L., (August 1997).

<sup>57</sup> World Food Programme (2005a).

<sup>58</sup> U.S. Committee for Refugees and Immigrants (2005) 1.

<sup>59</sup> World Food Programme (2004b) 14.

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to humanitarian emergencies. Food aid is one of a number of critical inputs that can be funded through the CERF.

Another tool is the WFP Immediate Response Account, a cash fund that can be used to address food needs in crisis situations.<sup>60</sup> In 2004, the account was funded at \$25 million.<sup>61</sup> The size of this fund is dependent on earmarked donor contributions, and it is clear that at this modest funding level, the account could be exhausted within the first days or weeks of a wide-scale emergency.

A more innovative approach would be to create an international famine fund under the control of WFP. Such a fund could be used to augment the Immediate Response Account and meet other shortfalls in WFP appeals. The benefits of this arrangement would be that WFP could use the fund where and when it was needed without having to rely as heavily on flash appeals, especially in the short term, while governments consider their ability to contribute food and cash. Like the Emerson Trust in the United States, the fund could be a combination of cash and commodities, with the commodities pre-positioned for rapid response.

Development efforts also suffer when food aid arrives at the wrong time. Proper timing is critical to ensuring that food aid meets nutritional needs without compromising markets. If food targeted to arrive during a country's pre-harvest "hungry season" arrives instead during or immediately following the harvest, it can end up in competition with other locally produced commodities. This has very real consequences for farmers, who may see the prices for their goods suffer in a flooded food market.

It is worth noting that the delayed arrival of food aid in emergency situations is not strictly a function of shipping times. Late appeals for assistance, or slow responses to appeals, are often responsible for delays. But regardless of the cause, timeliness in the delivery of food aid is of paramount concern and underscores the need for a greater global reserve, both in cash and commodities, and for increased flexibility in sourcing food to meet emergency needs.

Efficiency and effectiveness are clearly interrelated. Tying food aid to domestic procurement in donor countries drives up costs and can delay delivery. The net result is that too often, the supply of food aid does not appropriately match the needs. The health or even the life of people who rely on food aid to meet their nutritional needs may be threatened. Relief agencies need flexibility to ensure that food aid expenditures result in the maximum possible benefit in terms of lives and resources saved. Ultimately, food aid initiatives must be designed to serve the nutritional needs of vulnerable populations. Hungry and poor people forced to rely on food aid deserve an efficient, effective program.

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<sup>60</sup> United Nations Millennium Taskforce (2005) 149.

<sup>61</sup> World Food Programme (2004c) 139.

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**VII. Improving Food Aid to Effectively Fight Hunger**

Food aid is a critical form of foreign assistance, particularly in times of emergency. For those living in situations of extreme distress due to natural or man-made disasters, food aid is essential to survival. For others suffering from chronic poverty, poor nutrition and health problems, effective food aid programs can be a development resource that enables them to build a better life.

U.S. food aid is currently used for a variety of purposes in addition to feeding hungry people -- including for balance of payment support and as a second-best alternative to cash assistance. The various objectives may conflict, undercutting the effective delivery of food or development resources to people in need. To maximize its impact, food aid should be focused specifically on meeting critical hunger, nutrition and food security objectives.

The problems with food aid that we've discussed are not insurmountable. The challenge is to make food aid more effective and more capable of meeting the pressing problems of global hunger, malnutrition and food insecurity. According to a recent poll, 81 percent of voters want Congress to increase funding for programs that would help people in Africa and other poor regions reduce hunger, poverty and disease.<sup>62</sup> Respondents also want assistance programs to be more effective and to promote self-reliance, notably by helping farmers in developing countries become more productive. Partly in response to voter attitudes, President Bush and Congress have doubled U.S. poverty-focused development assistance since 2001. They have also demonstrated political commitment to reforming aid delivery -- for example, by establishing and funding the Millennium Challenge Account.

The time seems right for changes that would increase food aid efficiency (more assistance per taxpayer dollar) and effectiveness (sustained, long-term improvements in food security in developing countries, especially those in sub-Saharan Africa). Such changes may well garner administration and congressional support if persuasively presented. Bread for the World's recommendations for improving U.S. food aid policies are:

***Increase funding for food aid as part of a larger expansion of nutrition assistance in developing countries.*** Nutrition programs not only meet the most basic needs, but are also a high-return complement to other investments, particularly in health and education. High priority should be given to nutrition assistance for pregnant women and small children and for people living with HIV/AIDS. School feeding programs should also be expanded. The McGovern-Dole vision of a school meal for every schoolchild in the world makes sense. Much, if not most, of the food for such programs can be locally procured, providing additional customers for farmers in the community.

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<sup>62</sup> Alliance to End Hunger poll results, p. 2

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***Address acute food shortages by ensuring that adequate response mechanisms exist, including an international famine relief fund.*** Repeatedly, the world ends up waiting for gruesome famine pictures to be broadcast on TV before an effective response is mobilized. The time needed for appeals, pledges, procurement and shipping slow the international response to crises. The U.N. Secretary General and the World Food Program, in collaboration with national governments, should have more pre-authorized food and funding available to enable timely response to situations of extreme need. Bread for the World supports an international famine relief fund to facilitate response to crises which unfold more slowly.

Within the U.S. government, the Bill Emerson Humanitarian Trust could be expanded and/or granted additional authority to enable it to respond quickly to emergencies. There is certainly a need for the Emerson Trust, but it often does not have sufficient funds available because there is no requirement that its resources be replenished.

***Provide additional cash resources to complement the use of food aid in relief and development activities.*** Selling in-kind food aid to finance development projects or administrative costs (“monetization”) sometimes makes sense, and food aid agencies are careful and sophisticated in selling their food in ways that minimize adverse effects on local farmers. But selling food aid to finance development projects or program administration is a second-best strategy that PVOs use in the absence of sufficient grant funds to carry out important work. In almost all cases, cash grants would be more efficient and effective. At a minimum, Congress should provide funding for a pilot program that will give policymakers more information about the market impact, effectiveness and efficiency of cash assistance versus in-kind food aid.

When food aid is used in development activities, careful targeting and timing are needed to ensure that commercial markets are not disrupted and local production discouraged.

***Untie U.S. food aid programs so that they are not strictly dependent on the provision of commodities from the United States.*** U.S. agriculture is marvelously productive and U.S. food has helped many hungry people. But it would often be more helpful and efficient to enable hungry people to buy food in local and regional markets, rather than shipping food from the United States to faraway places. About half of every food aid dollar now goes to pay for shipping – an unacceptably high figure since all available funding is needed to reduce hunger. Although U.S. shipping and agribusiness interests bolster political support for the current program, the first priority should always be to deliver the maximum possible food to the world’s hungry people.

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The political commitment to ending world hunger and poverty is stronger than it was five or ten years ago. The stage is set for both the expansion *and* the reform of U.S. food aid. Voters support increased assistance, but they also expect that increased political commitment and funding to reduce global hunger and poverty will be matched by increased efficiency and effectiveness.

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- *Redefining the Role of Food Aid (2004);*
- *The Guatemala Community Daycare Programme – Effective Food Aid Targeting in urban areas (2003);*
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**APPENDIX A**  
**United States Food Aid Programs**

**U.S. Department of Agriculture**

**P.L. 480, Title I – Trade and Development Assistance**

Provides for government-to-government sales of U.S. agricultural commodities to developing countries on credit terms or for local currencies.

**Section 416(b)**

Provides for overseas donations of surplus commodities acquired by the Commodity Credit Corporation. Donations under this program can be provided to governments, multilateral institutions, or private voluntary organizations for monetization or use in development activities.

**Food for Progress**

Provides for the donation or credit sale of U.S. commodities to developing countries and emerging democracies to support democracy and expansion of private enterprise.

**The McGovern-Dole International Food for Education and Child Nutrition Program (FFE)**

Commodities produced in the United States are used in programs designed to improve the nutritional status and learning potential of children.

**Bill Emerson Humanitarian Trust**

A reserve fund of commodities used to meet the emergency food needs of developing countries.

**U.S. Agency for International Development**

**Public Law 480, Title II, Emergency and Private Assistance**

Provides funds for USAID to respond to emergency and non-emergency food needs in developing countries. Non-emergency assistance may only be provided through private voluntary organizations, cooperatives and intergovernmental organizations.

**P.L. 480, Title III – Food for Development**

Provides for government-to-government grants to support long-term growth in the least developed countries.