

12th EADI General Conference
**Global Governance for
Sustainable Development**

The Need for Policy Coherence and New
Partnerships



**Food Aid:
Cooperation Strategies and Best Practices**

Author:	Francesco Burchi
Co-Author:	Sara Turchetti
Institution:	University Roma Tre, Department of Economics and University of Florence, Department of Economics
Address:	Via Luigi Capuana 22, 00137 Rome - Italy
E-mail:	fburchi@uniroma3.it
Telephone:	+39 3471790717

Abstract

In the 1996 World Food Summit the international community identified the root to follow in order to alleviate hunger, which hits nearly 800 million people in the world. Given the size of the problem, the final documents - the Rome Declaration and the Plan of Action - encompass several commitments related to different areas of intervention. In this research we focus on one specific topic: food aid. In particular, we try to assess whether there have been improvements in the utilization of this tool in the directions auspicated in the Summit.

One specific Objective of the Commitment no. 5 of the Rome Declaration is to “promote triangular purchase” (Objective 5.3d). Since triangular purchase is one of the modalities of food aid procurement, why did countries agree on promoting this modality rather than others? The paper does not take as granted the validity of this Objective, but challenges it on a theoretical basis. Defining the theoretical concept of “best food aid”, founded on criteria such as effectiveness, efficiency, and transparency, we find that such commitment has a conceptual justification. However, it does not tell the whole story because it is partly affected by an old vision of food aid strategies. Nowadays, in fact, it is commonly agreed that triangular purchase and local purchase can be alternatively the best modalities, depending on the circumstances.

With this conceptualization in mind, we analyze the trends in food aid utilizations in four recipient countries in the North-East region of Africa: Kenya, Uganda, Ethiopia and Eritrea. Using data from Interfais, World Food Programme, firstly, we examine whether there have been progresses in the realization of the Commitment 5.3d in the period 1996-2006; secondly, by analyzing combined trends local-triangular purchase, we investigate whether there have been progresses in the broader sense suggested by the theory.

The following step concerns the analysis by main donors. This analysis aims at identifying good and bad practices in the utilization of food aid among major donor countries.

As a conclusion of the empirical study, we argue that no significant step has been made towards the achievement of the Objective taken into consideration. Furthermore, the analysis by donor outlines that donor-countries behave differently with respect to food aid interventions. Germany, as representing country of the European Union, shows to be an example of “good” practice, while Denmark and especially the United States are examples of “bad” food aid practices.

Given the fact that Scandinavian countries have always been considered as a good example of cooperation, the results concerning Denmark are particularly unexpected. Hence, it raises a further question: should quality aspects be considered in order to come out with finer indicators of development assistance?

Keywords: international cooperation; food aid; aid effectiveness; food security; developing countries.

Acknowledgments

The authors would like to thank George Simon for providing us with food aid data and for his brilliant suggestions, Pasquale De Muro, Università Roma Tre, for his interesting comments, and Chiara Palombella for her close participation to the research project.

Finally, authors greatly acknowledge comments on previous versions made by the members of the development association “Equidistanze”.

Acronyms

DT	Direct Transfer
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FBI s	Food Based Interventions
GDP	Gross Domestic Product
GAO	US Government Accountability Office
INTERFAIS	International Food Aid Information System of the World Food Programme
LP	Local Purchase
MFA	Ministry of Foreign Affairs
NGOs	Non Governmental Organizations
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
TP	Triangular Purchase
UN	United Nations
US	United States
USAID	United States Agency for International Development
USDA	United States Department for Agriculture
WFP	World Food Programme
WFS	World Food Summit
WTO	World Trade Organization

1. Introduction

In the Rome Declaration of the 1996 World Food Summit (WFS) the international community committed itself to fighting world food insecurity, which heavily hits developing countries. The Declaration was followed by a “Plan of Action”, which identified strategies and means to reduce food insecurity in the world.

The Plan of Action covers several matters since there are many possible instruments that can be useful to alleviate hunger. The paper intends to investigate the use of one of them, food aid. The Commitment 5 of the Plan stresses the need of reducing food insecurity through natural and man-made disaster prevention, thus ensuring access to food in situations of both long-run and transitory emergencies. Within this Commitment, the Objective 5.3, paragraph d), states that the governments should “promote triangular food aid operations”. This work only briefly explains the general utility of food aid; it mainly aims at understanding the rationale behind this Objective and describing and interpreting the progresses in its achievement.

The paper is structured as follows. Section 2 introduces the concepts of food security and food aid, and briefly discusses the role played by the latter in promoting the former. Section 3 examines the different categories of food aid. Section 4 conceptualizes the “best food aid” on the basis of specific criteria. This analysis aims at addressing the relevance of the triangular purchase as a means to deliver food aid in order to verify the theoretical foundations of the Objective 5.3d. Next section concerns the analysis of food aid trends for the purpose of assessing whether there have been progresses in the period 1996-2006. Thus, after providing information regarding data, variables and choice of recipient countries, the trend of the three delivery modalities of food aid - triangular purchase, local purchase and direct transfer – are shown and commented. In section 5 an analysis disaggregated by main donor countries is proposed in order to verify whether there are significant differences in their behavior with respect to food aid practices. Finally, section 6 concludes and draws some policy recommendations.

2. Food Aid and Food Security

2.1 Defining food security

The definition of food security included in the WFS Plan of Action is the following: “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”. This shows that the multidimensionality of the concept of food security is nowadays widely recognized; however, the idea that food security is not only an issue of availability takes time to be accepted.

The *availability*, which is the supply of food physically existent in a region due to production, imports or food aid, is still considered as a necessary condition but not a sufficient one. According to Amartya Sen (1981a; 1981b), people must have also *access* to food through their own production, purchases in the market or public transfers in kind or cash; this entails the command over food and other productive resources necessary to guarantee food security at national, households, and individual level. Another essential dimension is the *utilization*, which is the physiological ability of the body to absorb the nutrients in food (FAO 2006).

More recently, *stability* has been added as a fourth dimension. The concept of stability is related to vulnerability, which refers to all the factors which make people at risk. The supply of food in developing countries is often unstable thus temporarily increasing the food insecurity of people; incomes and employment are unstable as well thus hindering the possibility of people to buy the food they need. The more people get food insecure the more their bodies lose the capacity to properly intake calories. Food insecurity, therefore, is generally not steady all over the year but it tends to be pro-cyclical and affected by natural events and man-made disasters.

2.2 Defining food aid

According to Lowder and Raney (2005), the definition more in line with the academic literature was given by Barrett e Maxwell (2005). They define food aid

as the “international sourcing of concessional resources in the form of, or for the provision of food” (Barrett and Maxwell 2005, p 5). Put simply, food aid is generally a form of commodity aid but it can also be granted as a cash flow in order to be exchanged with food. It must be provided by a foreign country, thus excluding the Food Based Interventions (FBIs) as we see later. Finally, the concessional basis means that food must be provided either freely or at a lower price than commercial one (Murphy and McAfee 2005).

In 2003, some experts, gathered together in Berlin, attempted to give a wider definition, which took into account the international and domestic actions and programs and the role played by non-food resources, in order to follow the evolution of thought occurred during the 1990s. Eventually, the experts managed to come out with a broader definition which states that, “food aid can be understood as all food supported interventions aimed at improving the food security of poor people in the short and long term, whether funded via international, national public and (sic) private resources” (Lowder and Raney 2005, p. 1).

Food aid is usually differentiated from the FBIs. As stressed by Clay (2000), “food assistance describes any intervention designed to address hunger in response to chronic problems or short-term crises” (Clay 2000). The FBIs can be financed at both national and international level. On the contrary, food aid implies that, at some point, the donor acquires the commodities.

The definition given by Clay (2000) is to some extent narrower and more punctual than that of Barrett and Maxwell (2005). He states that “food aid is a commodity aid that is used either to support food assistance action or to fund development more generally, by providing balance-of-payment support in substituting for commercial imports, or budgetary support through the counterpart funds generated from sales revenues” (Clay 2000). The balance-of-payment support is supposed to provide extra foreign currencies, which otherwise would have been spent for food imports; on the other hand, the budgetary support should reallocate national resources for development in order not only to provide food but also to enhance its autonomous production (Clay and Stokke, 1991).

2.3 Food aid and food security

This section presents a brief review of the ongoing debate on the role of food aid in promoting food security. First of all, food aid is only one of the tools available to enhance food security. As seen above, the multiple dimensions of the food security concept tend to move the focus of the analysis from the availability of food to the state of the overall socio-economic development at national, households and individuals levels. Food aid is among the most controversial tools since, as many authors argue, it creates distortions and dependency; other researchers agree that food aid as a commodity aid is less fungible, thus it does not contemplate the issues of how to spend money, typical of financial transfers (Clay and Stokke 1991). Most of the authors share the idea that emergency food aid is simply indispensable (Clay and Stokke 1991; FAO 2006) even if its definition should be reviewed and narrowed being its limits too blurred (Clay 2006; Lowder and Raney 2005).

As any form of aid, humanitarian concerns are not always the underlying reasons of food aid; very often the selfishness of some countries is the main aim to policies and programs. The literature agrees that the main justification for the use of food aid is that it creates extra-consumption since it reaches people not having enough purchasing power to buy it. This is the so-called principle of “additionality” (Murphy and McAfee 2005; Clay 2006; Harris 2007). Nevertheless, it is quite agreed that a relevant part of food aid has much to do with the disposal of surplus output rather than food-deficits in the recipient countries. Harris (2007) shows how food aid has been used by donors as a form of export assistance to relieve domestic pricing pressures in periods of over supply. This creates distortions in the global supply of commodities, especially cereals, and, as well as export subsidies, it provides incentives for extra-production, thus further depressing prices (Harris 2007). Most of the literature agrees that food aid creates distortions in the global trade market (Clay 2000; FAO 2006).

The effects on the local markets of the recipient countries are more controversial. Firstly, they depend on the types of commodities distributed as aid, but also on the duration of the interventions and the targeting mechanisms (Harris

2007). Some authors suggest that in case of food shortfall, food aid may work as a “clearing mechanism”, bringing the supply back at the equilibrium level (GAO 2007). It must be considered that the main recipients of food aid are agricultural-based countries whose income and employment levels are highly dependent on the production and sales of primary products. Therefore, displacement effects of local goods and downward pressure on prices, due to the increased supply, may seriously affect the main sources of livelihoods of these fragile economies and, consequently, food security.

Even avoiding these unintended outcomes – and as recognized by FAO (2006), “it is effectively impossible to avoid one or both effects” (FAO 2006, p. 34) – there are other ways through which food aid creates distortions. On the demand side, it seems to affect people’s behavior by creating dependency and increasing demand of food. Yet, it depends also on the income level since the higher the lower the elasticity of demand to the increased supply. However, it was showed that before a crisis, the expectancy of food aid provision may create incentives to get too risky, while, after a crisis, might disincentive people to relieve thus creating dependency (FAO 2006). The empirical evidence, in this sense, is quite mixed.

Finally, as shown by Clay and Stokke (1991), the positive effects on development due to the improvement of the balance of payments and the budgetary support are crucially dependent on the political choices of the recipient governments concerning the allocation of the extra-funds. It cannot be taken for granted neither that they will be spent for the poor nor that the food aid will be effectively able to reach the poorest.

The debate regarding the unintended effects of food aid is an open one. This paper does not intend to enter this controversy and to challenge the relevance of food aid as cooperation tool in comparison with other possible instruments. Given its widespread use by donor countries, it aims at examining the characteristics that food aid should have in order to minimize these unintended effects and effectively promote food security. For such purposes, it is necessary to present the different categories of food aid.

2.4 Food aid categories

First of all, food aid can be sold on the market or freely distributed to targeted beneficiaries. It can also be “monetized”, which means that part or all of the commodities provided as a grant are sold, and the funds generated are used to finance development projects or activities directly connected to the intervention.

Then, food aid targeting is generally defined as “restricting the coverage of an intervention to those who are perceived to be most at risk” (Jaspars and Young 1995, p. 137). There are diverse methods of targeting but, generally, variables such as income, consumption, health and nutrition are recognized as the main indicators of a state of vulnerability (Jayne et al. 2001). As stressed by Clay et al. (1999), religious, cultural, and political factors may further complicate the picture and increase the costs of information; on the other side, they help to minimize the errors of inclusion and exclusion.

Furthermore, food aid can be tied, which “includes loans, grants, or associated financing packages with a grant element greater than 25% and defined as aid which is in effect (in law or in fact) tied to the procurement of goods and/or services from the donor country and/or a restricted number of countries” (OECD 1987, quoted in OECD 2006, p. 50). An example of tied food aid is the imposition of donor’s boats for the shipment of commodities. It is estimated that nearly 90% of world food aid is tied (OECD 2006, p. 50).

The fourth distinction is made on the basis of the aim of the intervention. The International Food Aid Information System (INTERFAIS) of the World Food Programme identifies three main categories:

- *Emergency food aid*: it is destined to victims of natural or man-made disasters. It is freely distributed to targeted beneficiary groups, and is usually provided on a grant basis;
- *Project food aid*: it aims at supporting specific poverty-reduction and disaster-prevention activities. It is usually freely distributed to targeted beneficiary groups; nonetheless, it is often monetized by selling it on the open market. It is generally provided on a grant basis; and

- *Programme food aid*: it is usually provided on a government-to-government basis; very often it aims at the improvement of the recipient's balance of payments or budgetary support. It is sold on the open market and therefore it is not targeted. It can be delivered either as a grant, or as a loan.

Programme food aid accounts only for 13% of the total food aid, while project and emergency account respectively for 24% and 62% (WFP 2007a).

For the aims of this research it is necessary to distinguish food aid according to its delivery mode.¹ The three typologies are the following:

- *Direct transfer (DT)*: it includes all food aid originating from the donor country;
- *Triangular purchase (TP)*: it includes all transactions by which a donor provides commodities that have been purchased or exchanged in a third country as food aid to a recipient country; and
- *Local purchase (LP)*: it includes food aid procured in a country and used as food aid in the same country.

In 2007, 62% of total food aid delivered was procured through DT, 19% through TP and 19% through LP (WFP 2007a).

3. The best food aid

Besides the limits, discussed in previous sections, of food aid as a cooperation tool, in this chapter we try to investigate when food aid can be better used. For this purpose we identify three core characteristics of the “best food aid”:

- *Effectiveness*. Since the main goal is to reduce the number of people suffering from hunger and the intensity of hunger within a geographical area, for the food aid to be effective it is necessary that it finally reaches the highest possible number of real beneficiaries. Furthermore, especially in emergency situations, the timing of food aid delivery plays an essential role: only if it occurs at the right moment it can contribute to reduce food insecurity.
- *Efficiency*. The goal of food insecurity reduction should be achieved at the lower possible cost. Costs here mainly include purchasing costs, distribution and

¹ In the literature on food aid, the terms “delivery mode”, “procurement” and “supply mode” are used as synonyms.

transportation costs of agricultural commodities and other operational costs. Moreover, also “political” and “moral” costs, later explained, fall in this category.

- *Transparency.* Food aid is supposed to be a means to promote international cooperation and not commercial interests; therefore, it is important not to use it for purposes different from those originally assigned to it. Although it not possible to know the real intentions of donor countries, there are some elements that can reasonably show the “genuiness” of food aid delivery. First of all, it should be analyzed when food aid produces lower distortions in international and local markets and better fulfills the “additionality” principle, which justifies its use within the current WTO rules. It follows that the more distorting a food aid is, the more likely it is to hide vested interests. Second, the transparency of food aid interventions is directly related to the degree of involvement of the recipient country in the transaction process. For example, the commodities delivered can reflect real needs of beneficiaries or, conversely, needs of recipient countries of food surplus disposal. In the second case we have a donor-driven approach, probably led by commercial purposes.

Given the definition of “best food aid”, we now refer to the food aid categories outlined in section 2.4 in order to see which one fulfills such criteria. First of all, a targeted food aid ensures that food arrives to the real beneficiaries, thus it is effective. Furthermore, the definition of targeting should go beyond that discussed in the previous chapter. The targeting should be realized looking simultaneously at the final beneficiaries and at the food reaching them. Targeted people should be those poor that need the specific food that the donor will provide. This comprehensive definition ensures, for instance, that hungry people will receive food that is socially acceptable and that has the right properties. This way, effectiveness rises because food insecurity can be better fought. On the contrary, targeting might increase the operational costs and timing since good targeting methods generally require heavy information.

A second important element to analyze is whether food aid is tied or not. World main donors spend nearly half of their food aid budget for products transformation and for their transfer with national transporters. This way it was estimated that around one third of overall food aid resources are wasted (FAO

2006, p. 9). Furthermore, it is improbable that the food provided with ties will be able to adequately match preferences and nutritional needs of final beneficiaries. Finally, imposing ties produces high market distortions. It follows that when food aid is tied it is less effective, efficient and transparent.

As previously stressed, most of food aid is emergency food aid. This is a quite recent evolution caused by the sudden raise of the number of emergencies especially in Africa (FAO 2006). The increase of emergency food aid improves transparency since, by definition, food aid provided to people hit by natural or man-made disasters produces extra-consumption. Therefore, it is more in line with the “additionality” principle. However, there is an open debate also in the Doha Round of WTO concerning the definition of “emergency” given by WFP and currently adopted. As Clay (2006, p.8) puts it, this definition “includes actions ranging from immediate post-crisis responses to protracted relief and rehabilitation operations up to five years after an event”. This wide and general definition provides donors with the opportunity to skip rules on export subsidies. The point at issue is crucial also because, on the other hand, any provision of ex-ante assessment or approval might compromise the flow of emergency food aid (Clay 2006, p. 8).

Programme food aid cannot be considered neither effective, nor efficient, and not even transparent. By definition, it is not targeted since it is sold on the open market; this decreases the effectiveness of the intervention and creates distortions at both global and local levels. Moreover, it is potentially a source of profit for donors’ firms, which raises serious doubts regarding the needs-based nature of the transaction (Murphy and McAfee 2005).

Project food aid can be considered more effective than programme. In fact it is usually freely distributed on the market and it is targeted to specific groups; theoretically, this should increase effectiveness even because timing is not necessarily a key component like in emergency. On the other hand, it cannot be possible to say anything *a priori* about the level of efficiency and transparency. Operational costs, as we see later, depend more on the modality of procurement chosen. With respect to transparency, in the long run project food aid might have some distorting effects and also reduce people’s incentives to improve the

situation with their own means. On the other hand, the creation of job opportunities, like in the case of food-for-work projects, is the best way to ensure poverty alleviation (Harris 2007).

According to several authors (e.g. Clay 2006; Murphy and McAfee 2005), monetization is not a good practice. Being food aid sold on the market, it decreases the effectiveness and the transparency of the intervention. As shown by Murphy and McAfee (2005), operational costs of food aid are on the basis of the spread of this practice among American NGOs. Nevertheless, from the 1990s onwards, monetization has become one of their main source of revenues; the possibility of control over funds has sharply decreased and, consequently, the “goodness” of the tool as a whole has declined. Furthermore, the low level of transparency is somehow confirmed by referring to the use of alternative development instruments: why do not simply transfer cash instead of monetized food aid? Some authors claim that, in specific situations, cash transfer is better than food aid since it tends to increase consumption and investments without causing distortions (Devereux 2006).

The most important issue in view of the aim of this paper concerns the way food is procured. As seen above, most food aid is directly transferred. By definition, DT is a form of tied aid since at least food has to be purchased within the donor country; moreover, aid is often tied to other additional requirements. This creates strong incentives for donors’ firms and contractors so that targeting the needs of the poor becomes a minor purpose. For example, Tschirley (2007, cited in Coulter et al. 2007, p. 10) estimated that in the period 2001-2005 costs of in-kind food aid from the US were so high that providing it through LP (or regional) would have increased by 75% the food received by beneficiaries. Furthermore, the overall process of procurement is controlled by the donor and, therefore, also the accountability is at the lowest level. It follows that DT is far from being the first best in terms of effectiveness, efficiency and transparency.

TP and LP are generally considered better procurement modalities in comparison with DT; nevertheless, globally, they still account for a small share of total food aid. Buying food locally implies a redistribution of commodities within the recipient country; efficiency should rise since operational costs tend to

decline. Moreover, food is more likely to meet the preferences of the final beneficiaries, making the intervention more effective. Finally, LP does not create displacement effects, allows a reallocation of resources by stimulating local supply and can potentially cause an improvement of agricultural infrastructures such as storage facilities.

Nevertheless, Murphy and McAfee (2005) show some shortcomings of LP procurement. The increasing demand creates prices spike, which, paradoxically, might spread the food crisis in the whole country by making more difficult the access to food. Moreover, other constraints have to be carefully considered, like the sufficient availability of food and the possibility of delivery especially in case of economic, climatic, or political crises.

Another critical aspect concerns the political and moral domain. Starting from the widely recognized principle according to which “National governments are primarily responsible for food security in their countries” (Garagnani and Gaudot 2006, p. 2), where there is enough food its reallocation through international food aid cannot be easily justified. For instance, India traditionally stocks huge amounts of food although a large part of its population is food insecure. The Indian government initially chooses not to directly intervene through domestic food assistance, but then sells food to international donors in order to reach both objectives of raising revenue and providing food to hungry people.

The final delivery mode, triangular purchase, is less likely to hide vested interests of surplus disposal since food aid is not directly transferred but provided by a third country. Therefore, without having information regarding other possible ties attached to it, it is clearly more transparent than DT. Moreover, assuming that the donor chooses as third country a state that is in the same region of the recipient and generally on the basis of lower transaction costs, the intervention will be more efficient. This is confirmed by the fact that more than 85% of food provided for triangular operations originates in developing countries, where the food is certainly cheaper (WFP 2007a). Finally, TP does not have displacement effects at local level but, instead, may help to alleviate poverty in both the recipient and the third country. As argued for LP, the increasing demand can cause prices spikes which risk to spread the food crises at regional level;

unlikely in LP operations, in TP transaction the sufficient availability should not be a problem since it is assumed that the third country will be chosen on the basis of a sufficient food supply.

In terms of food adequacy, LP is certainly better than TP and, consequently, it is likely to be more effective. Moreover, operational costs of LP are generally lower even where poor infrastructures increase transport and delivery costs up till making more convenient to buy food regionally. The lack of adequate infrastructures and storage facilities, and the search for surplus at local level affect also the timing. Finally, TP can be considered more transparent from a moral and political perspective.

Summing up, the WFS Objective is justified from a theoretical perspective but other aspects have to be carefully considered. First of all, TP is more likely to be tied and not targeted than LP; on the other hand, LP is less transparent from a political and ethical perspective being considered the government as the main responsible for the national food security. Both are certainly more effective, more efficient and more transparent than DT. In any case, the evaluation of the best modality of procurement has to be made case-by-case; as Josette Sheeran argues, in order to respond to a wide spectrum of functions a versatile “toolbox” is needed (WFP 2007b).

Finally, the reflections made in this chapter are valid on a pure theoretical basis. Then, all the times it is necessary to monitor the procedures followed for the procurement of food aid through LP and TP. There are only few studies that have evaluated specific cases of food aid deliveries. Among those, Coulter et al. (2007) examined these procedures in two countries on which next chapter will focus, Uganda and Ethiopia. Coulter et al. (2007) concluded that LP and TP within the region are better from any perspective, but there were two main weaknesses in the procedure. The first one was a high concentration of food aid procurement in few main suppliers due to restrictive WFP food standards and to largely bureaucratic and costly tenders, which excluded small producers. On the one hand, this caused price manipulation; on the other hand, especially in Uganda, it gave incentives to some of these big suppliers to divert grain production away from exports, thus reducing regional trade. The second problem occurred in Uganda and concerns the

logistics. Food was procured in northern producing areas, then it was sent southwards in Kampala, where WFP pushed for investments by local suppliers, to be cleaned and dried. Finally, the food was transported again to the north, where the refugee camps were. This increased inefficiency and resulted in lower amount of food finally given to beneficiaries.

As a conclusion, an adequate study of the local market environment as well as good logistical choices are essential parts of a well-made food aid intervention; otherwise, there is a serious risk that these factors negatively affect the advantage of using LP and TP in comparison with DT.

4. An empirical investigation of food aid practices

This chapter deals with the descriptive analysis of the food aid trends between 1996 and 2006. Building on the conclusions drawn in the previous section regarding the rationale behind the definition of the Commitment 5.3 d), here we intend to monitor progresses towards the achievement of such Objective. The analysis goes beyond this minimal scope since it also examines the levels and the trends of the other two delivery modalities – local purchase and direct transfer. This is because a positive combined trend LP-TP should be generally interpreted as an improvement in food aid utilization.

The empirical study is carried out on four recipient countries located in the North-East Africa: Kenya, Uganda, Ethiopia and Eritrea. The first reason of this choice lies in the fact that Africa is the continent with the lowest progress (and sometimes even regress) in the achievement of the Millennium Development Goals.² The second reason is that the North-East area could be a good case-study because it is characterized by a wide heterogeneity of development conditions. For example, in countries such as Eritrea and Ethiopia the international community has been mainly concerned with emergency operations, while in Uganda and Kenya many interventions have taken place also for development and re-construction.

² See: <http://www.mdgmonitor.org/>

The source of data is the INTERFAIS/WFP, which collects the statistics for the monitoring of food aid transactions. The dataset covers information regarding donor and recipient countries, delivery modes, quantity of food aid measured in (thousands of) tonnes and its year of arrival in the recipient country. More detailed data on issues such as purchasing and transport costs as well as data on “third” countries involved in the triangular purchases are lacking. The latter is a problem that also international organizations such as OECD and WFP are encountering since donors do not report such information. For this reason, the empirical analysis cannot be used also to validate the hypothesis made on the “best food aid”.

The graphs presented in figure 1 to figure 4 show both absolute and relative trends of food aid delivery modes in the four recipient countries taken into consideration. Although a ten-years period is not enough to track a trend, it makes possible to have a general view of changes across time.

The first point to outline is that overall food aid has increased in all the four countries. Regarding the composition, some changes have occurred. First of all, the proportion of food aid delivered through DT has been very high in the whole region: the range goes from a minimum of 31% (Uganda 1996) to a maximum of 100% (Eritrea 1998). Although starting from very high level, the trend of DT has been usually upwards with respect to the other procurement methods; however, intensity and timing of changes vary across recipient countries. In the countries with higher food deprivations – Ethiopia and Eritrea – the use of DT is even larger, especially during time of crisis such as the 1998 conflict in Eritrea and the 2000 famine in Ethiopia.

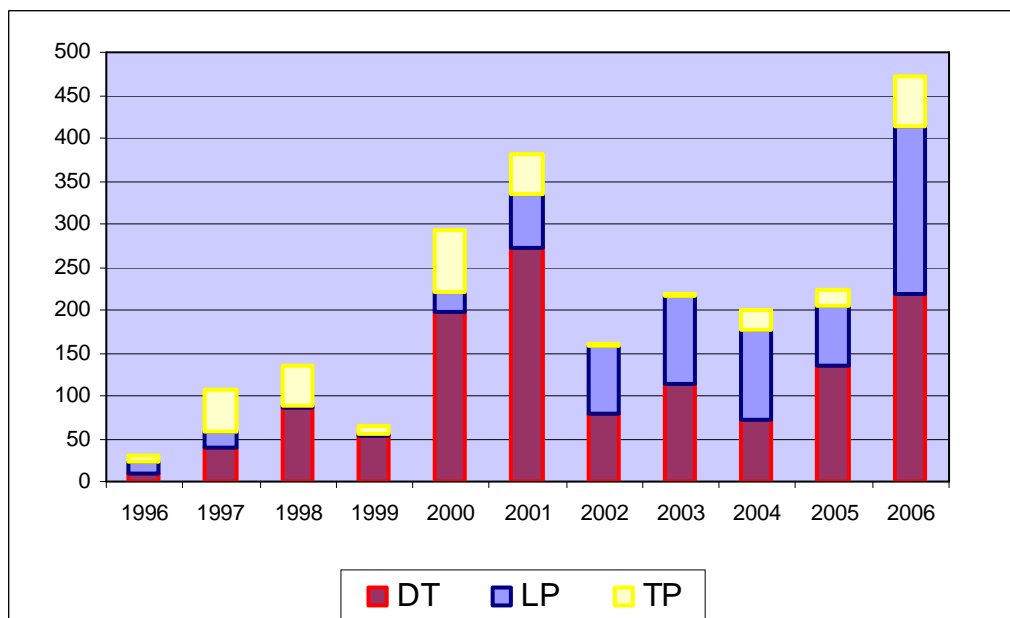
The trend of food aid deliveries through TP is downwards in Kenya, Uganda, and Ethiopia, while it is upwards in Eritrea. Being simply concerned with the commitments of the 1996 World Food Summit, this would suggest that only in Eritrea there has been a progress in the achievement of the Objective 5.3d. However, besides the temporal variations, the use of this delivery mode has always been very low in all the countries, with the maximum being nearly 33% in Eritrea in 1999.

Finally, since 2000 donors have generally increased food aid procurement through LP in all the countries, except for Eritrea, where almost no food was procured locally.

The overall picture emerging from the examination of these figures is that the choice of procurement does not follow the guidelines identified at the WFS, and, even worse, that food aid intervention is rarely done in the “best” way since local purchase and triangular purchase play only a marginal role. Some changes of direction are only visible in Kenya and Uganda, where local purchase – a good delivery mode especially under the conditions of large food availability and short timing – in the last few years has registered values similar to the direct transfer. On the contrary, it seems that emergency situations, mainly occurring in Ethiopia and Eritrea, justify a far larger use of direct transfer.

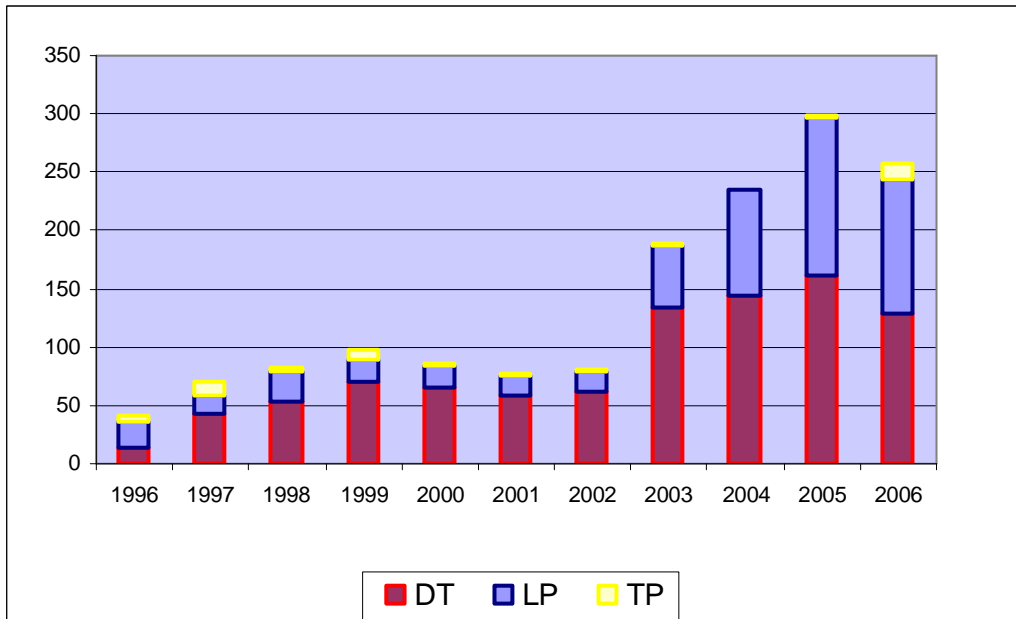
The analysis here proposed was based on the aggregation of donor countries within one single group. Next chapter, instead, tries to outline differences in donors’ behavior with respect to food aid practices.

Figure 1. Kenya: Food Aid by Delivery Mode



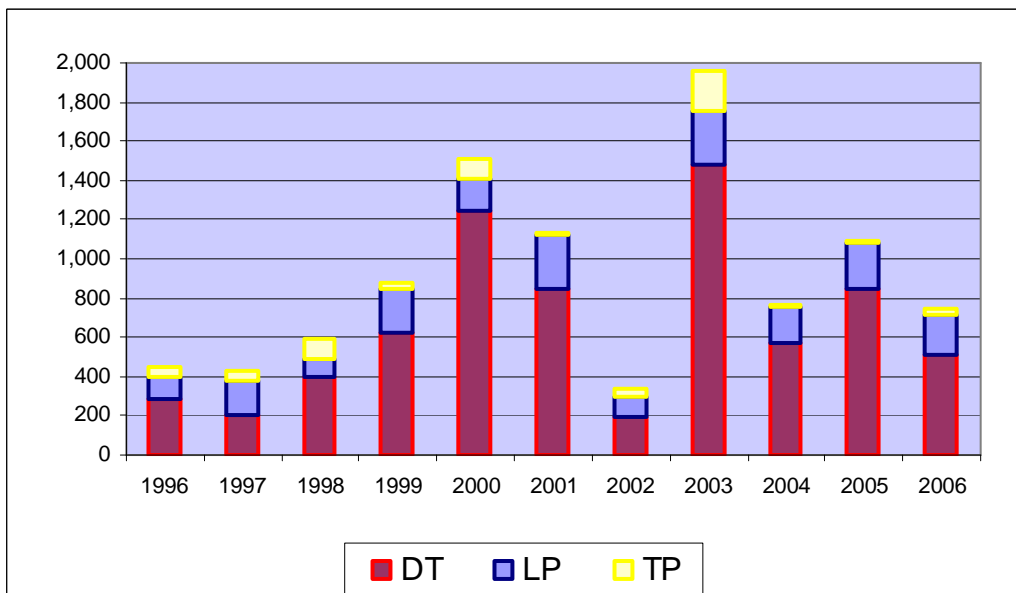
Source: Interfais

Figure 2. Uganda: Food Aid by Delivery Mode



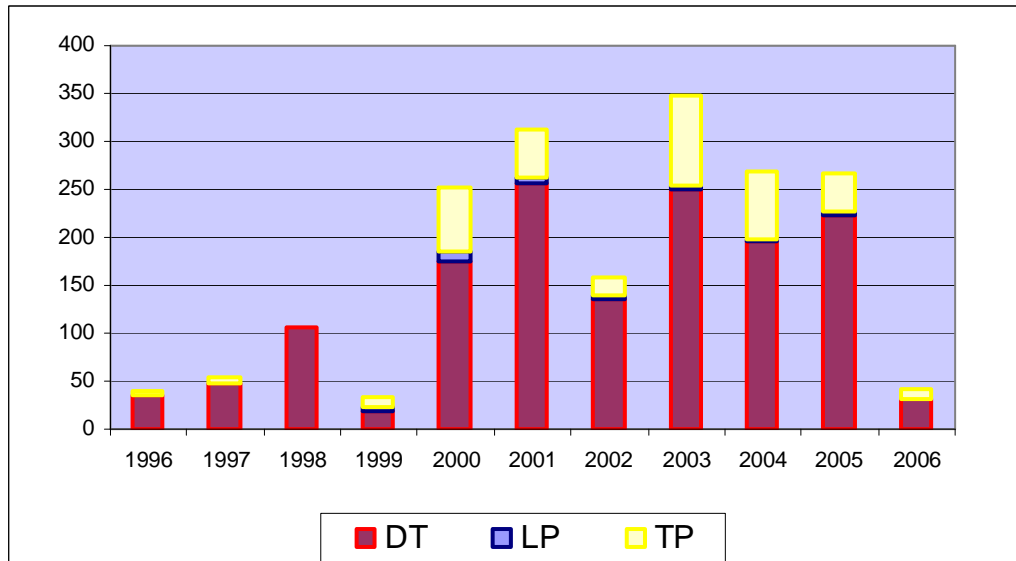
Source: Interfais

Figure 3. Ethiopia: Food Aid by Delivery Mode



Source: Interfais

Figure 4. Eritrea: Food Aid by Delivery Mode



Source: Interfais

5. An Analysis by Donor

This chapter draws attention to the behavior of the main donor countries with respect to the delivery modalities of food aid. Three donor countries were selected: United States, Germany and Denmark. The first one is the largest donor of food aid also in the region examined (see table 1); at the same time, it is one of the smallest donors of development assistance with respect to national GDP (around 0.22%). Germany, instead, has been chosen as representing country of the European Union, which is the other big food aid donor. German ODA has been stable since 1990 and in line with the average of European Union; Germany, in fact, is somehow between small donors such as Spain, Italy and Greece and large donors such as Belgium, Austria and France. Furthermore, the US and EU have been selected because they have opposite positions regarding the role of food aid in WTO. Finally, the choice of Denmark can be explained by referring to the traditional Scandinavian good practices of development cooperation, with high shares of GDP destined to ODA. Moreover, Denmark seems to be a more active player than other Scandinavian states in food aid transactions in North-East Africa.

Table 1. Average Food Aid 1996-2005, by Recipient Country and Donor

Recipient Donor	KENYA	UGANDA	ETHIOPIA	ERITREA
UNITED STATES	54.45%	61.03%	51.48%	59.30%
GERMANY	8.66%	5.63%	2.52%	1.10%
DENMARK	2.17%	1.08%	0.31%	0.31%
TOTAL	65.28%	67.73%	54.31%	60.71%

Source: Interfais

Being the donors' behavior the same in the four recipient countries, only the graphs for Kenya are reported. Then, since this analysis focuses on the food aid distribution across the procurement modalities, only relative trends (in %) are shown. The graphs refer to the period 1996-2005 since data for 2006 were not accessible.

5.1 United States

The US is the only donor with a specific legislation to authorize food aid activities (Harris 2007). This legislation, based on the Public Law (PL) 480, is very complex since the US Department for Agriculture (USDA) and the US Agency for International Development (USAID) share in the administration of food aid activities. The PL 480 has three main dimensions (USDA-FAS 2006). Title II - food donations for emergency situations and non-emergency situations - accounts approximately for 74% of total food aid; Title I - sales of food commodities to developing countries on a government-to-government basis - accounts only for 3%, while Title III - food donations to support economic development on a on a government-to-government basis - is inactive (GAO 2007).

Finally other two programs have to be cited since they both account respectively for 10% of US food aid: a) Section 416(b), which includes donations of surplus commodities and b) Food for Progress, which consists of donations or

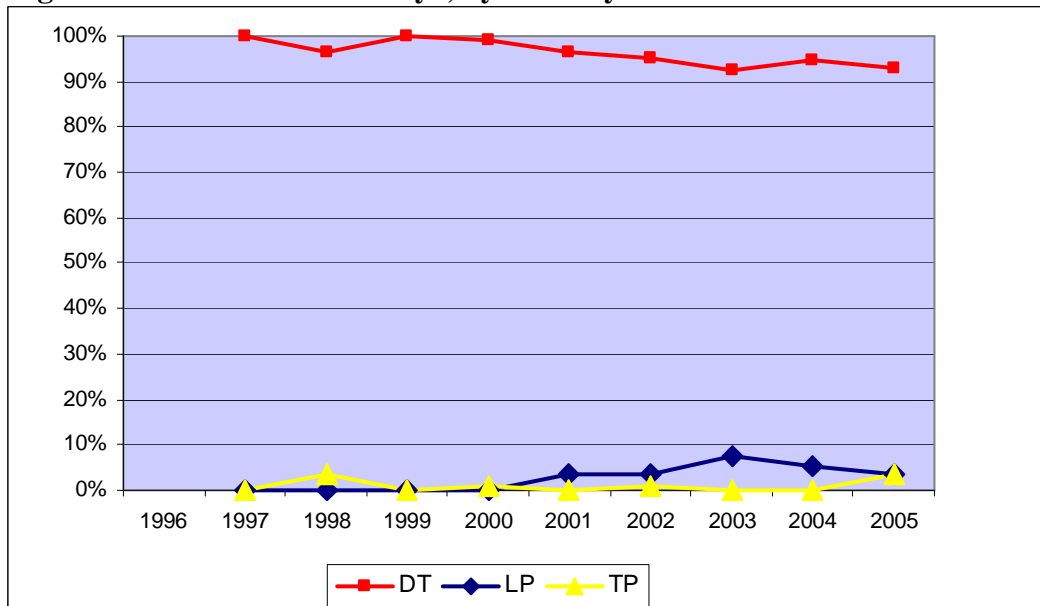
credit sales to countries supporting democracy or committed to expand private enterprises

US food aid is considered as highly distortionary and neither effective nor efficient. First of all, the US food aid is suggested to be related to specific forms of market support policies, as shown by Harris (2007). In the cases of both wheat and skim milk powder the practices of US government of either purchasing goods for food aid or directly supporting farmers through export credits and prices support schemes have increased production and stocks. In particular, 75% of US wheat aid has been authorized under the Section 416(b) program (Harris 2007). This very complex framework of food aid legislation and market incentives has created what Murphy and McAfee (2005) call an “iron triangle”: agribusiness firms, maritime companies and a restricted number of large NGOs, all make an active lobbying in order not to change US food aid practices.

In addition, the geopolitical use of food aid cannot be underestimated. As explicitly stated into the Fiscal Year 2008 Budget Request, “Foreign assistance and the development it supports are therefore more important than ever, now not just in terms of our moral responsibility to alleviate suffering, but as foundational pillars of our new national security architecture and the Global War on Terror” (US Department of State, p. 5). Finally, some logistic issues tend to further cut the degree of efficiency and effectiveness of the interventions: among them, the lengthiness of funding and planning processes, the high costs of transportation and contracting practices, the legal requirements for contractors, the scarce coordination among agencies and the lack of reliable targeting methods and setting assessments due to budget constraints (GAO 2007).

The figure 5 clearly confirms what stated. Excluding the year 1996, when no food aid was delivered, in the period 1997-2005 there is no relevant change in the delivery modes. The DT is definitely the primary mode of food procurement by accounting for at least 92.5% (2003). On the contrary, the levels of TP and LP are quite stable and, even considered together, they account for less than 10% of the total food aid delivered; there is a slight tendency of LP to increase from 2001 but in 2004 it seems to shrink again. The spread between TP and LP, on the one side, and DT on the other, are also larger in the cases of Uganda, Ethiopia and Eritrea.

Figure 5. US Food Aid in Kenya, by Delivery Mode



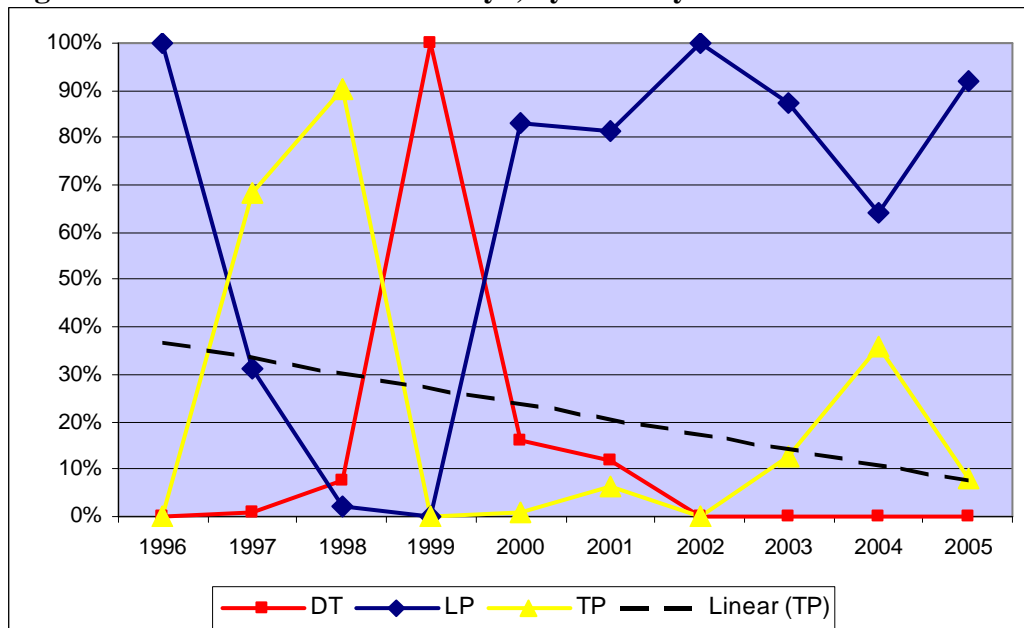
Source: Interfais

Being the US the main food aid donor, it is clear that its failure in addressing the WFS Objective 5.3d, leads to an overall failure. Recently, food aid has become an issue of debate within the WTO with the US opposing the EU position. The US, in fact, denies to cut the practices of monetization and sales of food aid (Murphy and McAfee 2005); this is not consistent with the 1994 Marrakesh Decision of providing as much food aid as needed on a fully grant form. Furthermore, the US wants to exclude food aid from the export subsidies disciplines by claiming that the WTO should be concerned only with displacement effects of food aid; on the other hand, the US points out that fully untied food aid, such as proposed by the EU, might further decline the actual level (Clay 2006).

5.2 Germany

Germany, as previously mentioned, has been selected in order to represent the EU. The EU advocates a gradual inclusion of distorting food aid within the category of export subsidies. For such a reason, it is expected to use food aid in a different way. Figure 6 shows the composition of German food aid in Kenya.

Figure 6. German Food Aid in Kenya, by Delivery Mode



Source: Interfais

The use of TP as delivery mode shows an unstable trend; its use increases until 1998, then sharply decreases in 1999 and, finally, slightly increases since 2003. On the other side, the other good form of procurement, LP, drastically increases since 1999, and since 2000 becomes by far the widest delivery mode used by Germany. In 2005 no food aid was directly transferred to Kenya. Furthermore, the results for Kenya generally overestimate the weight of DT in the whole North-East region.³ As a conclusion of section 5.2, it can be easily argued that Germany is an example of good practice with respect to food aid utilization.

5.3 Denmark

As shown in table 1, the role of Denmark as a food aid donor in the area is much less significant than that of US and Germany. However, Denmark plays an important role in the field. During the 1990s the Danish government made a strong effort to review its food aid policy: they changed the composition of food basket in order to better respond to recipients' needs and moved the responsibility of food aid from the Minister of Agriculture to the Minister of Foreign Affairs.

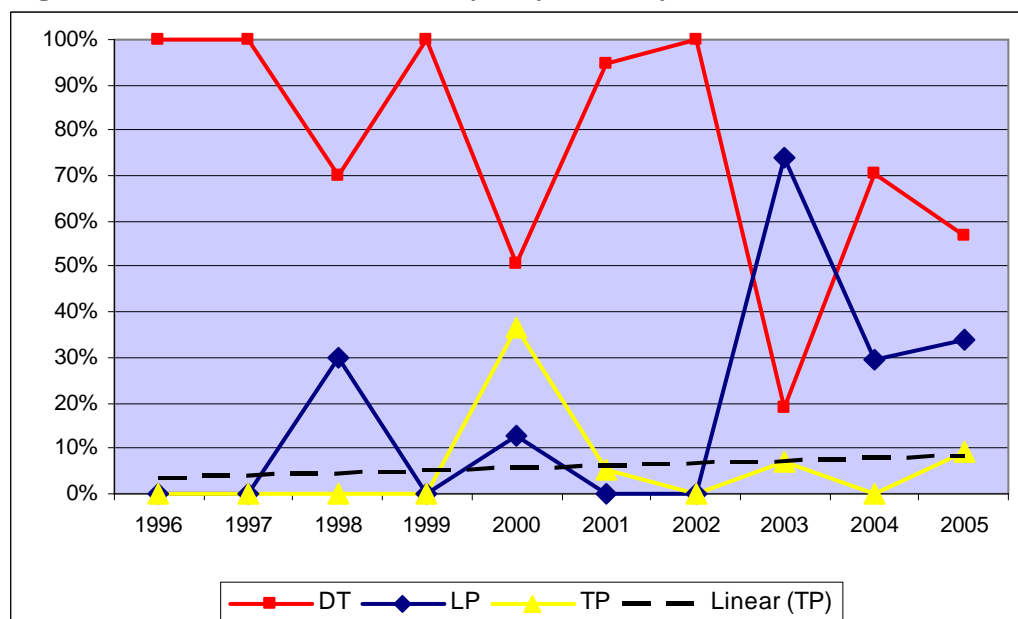
³ In Eritrea, only in four out of ten years Germany provided food aid. Data concerning these years show that almost the whole food aid was procured locally.

Moreover, they have explicitly stated that national commercial interests have to be considered only if the priority goals of growth and poverty eradication are not compromised (Colding and Pinstруп-Andersen 1999).

The figure 7 shows that the trend of Danish food aid procured through DT is quite stable until at least 2002, when a low spike occurs in front of a high spike in LP. In 2003, in fact, LP accounts for 70% of total food aid delivered by Denmark in Kenya, then it shrinks again but remains stable at higher levels; the same year, DT rises yet again. The use of TP is, instead, much more limited than both DT and LP for the overall period and varying between 0% and 9%.

Regarding the other recipients considered, in Uganda both TP and LP trends are stable and almost nil for the whole period; DT is by far the main delivery mode used. In Ethiopia and Eritrea, the TP trends from the 1996 onwards are even decreasing; only between 1996 and 1998 in Ethiopia there is a slight increase of TP, in line with the WFS prescriptions, but in 1998 it suddenly collapses.

Figure 7. Danish Food Aid in Kenya, by Delivery Mode



Source: Interfaiss

To conclude, Denmark does not seem to move towards a better utilization of food aid; the significant use of DT as delivery method in the whole North-East

Africa does not place the country among the “success stories”.⁴ Furthermore, two thirds of Danish food aid is still tied to the procurement of commodities in Denmark and almost 40% of its cash contribution to WFP is used for operational costs (MFA 2006).

Concluding from section 5.3, there is a clear difference in the evaluation of Denmark as donor whether we refer to quantitative parameters related to total ODA or to qualitative aspects of food aid.⁵ However, it should be outlined that WFP data available for 2006 and referred to all the recipient countries show a possible change in practices by the Danish government, with LP, TP and DT being respectively 58.6%, 27.7%, and 13.5% of overall food aid. This is also confirmed by governmental documents, where it is stated that Denmark is planning to eliminate tied aid by 2009 (MFA of Denmark 2005).

6. Conclusions

Food aid is a cooperation tool with the specific goal of alleviating food insecurity in low-income countries. It is for this reason that at the 1996 WFS the international community committed itself also to “promote triangular food aid operations”. However, by combining three core criteria – effectiveness, efficiency and transparency – in section 3 it was argued that also local purchase can be a good delivery mode of food aid: according to specific situations and contexts it is better to use triangular or local purchase. In all the cases, direct transfer of food aid appears to be a bad practice since it is tied, trade distorting and donor-driven.

Building on this theoretical framework, in section 4 we analyzed food aid trends in four recipient countries – Kenya, Uganda, Ethiopia and Eritrea – all featured by large food deprivations. Although small differences exist across the four countries, it is generally clear that since 1996 there have been no progresses in the direction suggested by the theory. Direct transfer is still the largest supply mode of food aid, while donors gradually tend to shift the use of triangular purchase towards that of local purchase.

⁴ The DT practice concerns mainly split peas, rapeseed oil and a pea/wheat mixture (MFA of Denmark 2005).

⁵ Food aid accounts for less than 5% of total ODA (OECD 2006).

The analysis by donor, presented in section 5, tried to examine whether there were differences in donors' behavior with respect to food aid practices. The US food aid is an example of "bad practice", with almost all food delivered through direct transfer. This was not an unexpected outcome since the US legislation on food aid clearly sets as priority the promotion of national rather than recipients' needs. Germany, instead, well reflects the position that the EU holds in the WTO: food aid should be gradually untied and delivered in cash. The trends show a very limited use of direct transfer by Germany in the four recipient countries. The last country, Denmark, was chosen since, together with the other Scandinavian countries, it is conceived as a good model of cooperation intervention. The results concerning food aid were quite disappointing: still in 2005, much of food aid in North-East Africa was transferred directly.

Finally, Denmark was a good case-study for the analysis of general development assistance. It is a country with good practices if referred to quantitative parameters such as the proportion of GDP directed to ODA; on the contrary, using some quality parameters applied to food aid practices, it is an example of "bad practice". This raises an important question: should not quality aspects be considered in order to come out with finer indicators of development assistance?

References

- Barrett, C.B. and Maxwell, D. (2005), *Food Aid after fifty years: Recasting its Role*, London: Routledge.
- Clay, E. and Stokke, O. (1991), "Food Aid Reconsidered: Assessing the Impact on Third World Countries," London: Frank Cass.
- Clay, E. (2000), "Reforming Food Aid: Time to Grasp the Nettle," ODI Briefing Paper, Overseas Development Institute.
http://www.odi.org.uk/publications/briefing/1_00.html
- Clay, E. (2006), "Food Aid and the Doha Development Round: Building on the Positive," Background Paper, Overseas Development Institute.
- Colding, B. and Pinstруп-Andersen, P. (1999), "Denmark's contribution to the world food programme: a successful story," *Food Policy*, 24, 93-108.
- Coulter, J., Walker, D.J., and Hodges, R. (2007), "Local and Regional Procurement of Food Aid in Africa: Impact and Policy Issues," *Journal of Humanitarian Assistance*. <http://jha.ac/2007/10/28/local-and-regional-procurement-of-food-aid-in-africa-impact-and-policy-issues/>
- Devereux, S. (2006), "Cash Transfers and Social Protection," Paper prepared for the regional workshop on "Cash transfer activities in southern Africa", Johannesburg, South Africa, 9-10 October.
- FAO. (2006), "The State of Food and Agriculture 2006: Food Aid for Food Security?," FAO Agriculture Series No. 37, FAO.
- GAO. (2007), "Foreign Assistance: Various Challenge Impede the Efficiency and Effectiveness of US Food Aid", Washington, D.C.
- Garagnani, L. and Gaudot, C. (2006), "Programming Guide for Strategy Papers," European Commission.
- Harris, D. (2007), "Food Aid and Agricultural Trade Reform," Rural Industries Research and Development Corporation Publication No 07/136, Australian Government.

- Jaspars, S. and Young, H. (1995), "General Food Distribution in Emergencies: from Nutritional Needs to Political Priorities," Good Practice Review 3, Relief and Rehabilitation Network, Overseas Development Institute.
- Jayne, T.S., Strauss, J., and Yamano, T. (2001), "Giving to the Poor? Targeting of Food Aid in Rural Ethiopia," *World Development*, 29, (5), 887-910.
- Lowder, S. and Raney, T. (2005), "Food Aid: A Primer," ESA Working Papers No. 05-05, Agricultural and Development Economics Division, FAO.
- Ministry of Foreign Affairs of Denmark. (2005), "Millennium Development Goals 2005: Progress Report by Denmark," Denmark.
- Murphy, S. and McAfee, K. (2005), *U.S. Food Aid: Time to Get It Right*. Institute for Agriculture and Trade Policy.
- OECD. (1987), *DAC Guiding Principles for Associated Financing and Tied and Partially Untied Official Development Assistance*, Paris: OECD.
- OECD. (2006), *The Development Effectiveness of Food Aid: Does Tying Matter?*, Paris: OECD.
- Sen, A.K. (1981a), "Ingredients of Famine Analysis: Availability and Entitlements," *The Quarterly Journal of Economics*, 96(3), 433-464.
- Sen, A.K. (1981b), *Poverty and Famines: An Essay on Entitlement and Deprivation*, Oxford: Clarendon Press.
- Tiba, Z. (2002), "Food Aid for Food Security? Trends and Changes in the 1990s", Working Paper 133, Hungarian Academy of Sciences, Institute for World Economics.
- Tschirley, D. (2007), "Local and Regional Food Aid Procurement: an Assessment of Experience in Africa and Elements of Good Donor Practice," MSU International Development Working Paper No. 91, Michigan State University.
- US Department of State. (2007), *International Affairs Function 150: Summary and Highlights - FY 2008 Budget Request*, Washington D.C.
- USDA-FAS. (2006), Food aid: fact sheets. <http://www.fas.usda.gov/food-aid.asp>

WFP. (2006) “Food Procurement in Developing Countries,” Policy Issues, Agenda Item 5, Executive Board First Regular Session, 20-23 February, WFP.
<http://www.wfp.org/eb>

WFP. (2007a), “2006 Food Aid Flows,” Interfais, WFP.
<http://www.wfp.org/interfais/index2.htm#>

WFP. (2007b), WFP Executive Board, Opening Statement By Josette Sheeran.
<http://documents.wfp.org/stellent/groups/public/documents/newsroom/wfp131636.pdf>