

How to reform the outdated Food Aid Convention

Alexander Gaus, Julia Steets, Andrea Binder, Christopher B. Barrett and Erin C. Lentz

The only international treaty governing food aid, the Food Aid Convention (FAC) needs urgent reform. Signatories agreed a decade ago that “food aid should only be provided when it is the most effective and appropriate form of assistance” and “should be based on an evaluation of needs by the recipient and the members” (Art. VIII). These goals have not been realized. The convention remains rooted in an outdated surplus disposal paradigm and favors responses that neither follow from careful evaluation of recipients’ needs nor reflect recent innovations in food assistance.

In the context of fast rising food prices and increasing needs for food assistance, policymakers have a responsibility to modernize the convention to support better emergency relief and recovery and to advance longer term food security goals.

History of the Food Aid Convention

The FAC is a legally binding international treaty that defines minimum food aid commitments for signatories. The convention originated in 1967 as a part of the International Grains Agreement struck within the broader General Agreement to Trade and Tariffs negotiations on multilateral trade. The convention has been renegotiated five times, most recently in 1999, to readjust donor commitments and expand the range of eligible food aid products. The current renegotiation formally began in December 2010 and will conclude, successfully or not, in summer 2011.

Broader challenges

Any changes to the convention should account for larger challenges in humanitarian assistance. Foremost is the imperative to tailor assistance to needs. Problems arise in this respect partly due to insufficient data and analysis about needs, situations and appropriate programming responses. They also arise because political interests and legal obligations, such as those enshrined in the FAC, continue to be more powerful drivers of food aid than recipient needs.

The short-term orientation of humanitarian assistance means that aid is often not linked to development and that it sometimes even undermines longer term solutions. Traditional, transoceanic food aid shipments, for example, rarely support agricultural recovery in disaster-affected countries and can disrupt the food systems – especially markets – on which long-term food security depends.

The exclusivity of the humanitarian system further undermines effectiveness. Neither emerging donors nor governments of affected countries are sufficiently represented in humanitarian governance structures, including the FAC. This limits transparency and effective stakeholder coordination, results in a narrow donor base and makes it difficult to orient the system to the most urgent needs of those affected by crises.



This research is funded by the European Union. The contents of this publication do not necessarily reflect the position or opinion of the European Commission.



Cornell University



global public policy institute

A window of opportunity to reform the FAC

Policymakers have a unique opportunity to modernize the convention. FAC reform and re-negotiation were stalled for much of the past decade. During that period, all major donors substantially shifted their food assistance policies toward the use of innovative tools, such as local and regional procurement, cash and voucher transfers or the distribution of specially developed, micronutrient-rich foods. As a result, they are now closely enough aligned to enable the adoption of a new convention that incorporates the increased flexibility and needs orientation reflected in these new policies and products.

With high commodity prices creating food insecurity and driving more people into poverty, negotiators must get this right and use the FAC negotiations to redesign the global food assistance architecture and address the challenges highlighted above. To do so, they should implement the following changes.

Focus the FAC on emergency contexts

Almost all food aid today is provided in response to emergencies, and the reformed FAC should focus exclusively on emergencies and their aftermath. To reflect this, the circumstances requiring intervention should be more clearly defined. Governments developed a broad consensus on what should count as an emergency during discussions about a new WTO agreement on agriculture. Accordingly, emergencies can be declared by affected countries and include situations in which the United Nations or the International Committee of the Red Cross/Red Crescent launch emergency appeals. Within these contexts a broader range of interventions should be eligible as contributions towards a country's food aid commitment:

Count cash and voucher transfers

The convention should encourage the use of newer food assistance methods. Signatories previously expanded the FAC to accommodate local and regional purchases of food products by enabling commitments made in cash value terms. Members should take the next step and recognize the distribution of cash or vouchers for the purpose of increasing or improving the food consumption of affected populations as a contribution meeting FAC commitments. Evidence shows the positive impact of such transfers in access-to-food crises. They provide the population with quick and effective support while strengthening local market structures and ensuring the resilience of the domestic food economy.

Drop restrictions on fortified foods and special nutritional products

The convention must stop favoring less nutritious bulk grains over commodities that enhance recipients' micronutrient intake. Micronutrient malnutrition is more widespread than protein-energy malnutrition. Individuals affected by it have lower chances of survival, especially in emergency situations. They are also at a higher risk of illness and frequently face development problems. The benefits of micronutrient-enriched foods and special nutritional products are now widely acknowledged. While fortified foods and special nutritional products are still relatively expensive, they can have some of the highest cost-benefit ratios of food assistance interventions, especially among infants, small children and pregnant or breastfeeding mothers.

Reflecting its origins in managing donor countries' grain surplus disposal, the current FAC only allows donors to count micronutrient-enriched foods and special nutritional products for up to five and 15 percent, respectively, of their overall commitment. These restrictions should be abolished to allow for the distribution of fortified

foods or special nutritional products wherever they are deemed appropriate. Further, counting commitments in wheat equivalent tons subtly discourages donation of higher value, more nutritious products when those are more appropriate for assessed needs. This requires a shift in commitment accounting (see below).

Include rehabilitation and recovery activities

Perhaps most controversially, the convention should acknowledge the importance of preparing the ground for longer term solutions early on and include rehabilitation and recovery programs. Historically, the convention only recognized the actual delivery of food items as food aid. We know, however, that food deliveries in emergencies can only alleviate hunger in the short term and, if poorly targeted, can undermine local production and markets. Efforts to strengthen local production and livelihoods are therefore crucial to help countries escape recurring crises.

During the last FAC renegotiation in 1999, signatories moved in the right direction by allowing a small amount of seed deliveries to be counted against their commitments. Recognizing that domestic food supplies are a crucial determinant of food prices and food security in all countries, donors should now include a broader array of agricultural rehabilitation and recovery activities aimed at reviving production in emergency affected areas – for example, the distribution of seeds and agricultural tools, the restocking of herds and the rehabilitation of farmland and irrigation systems damaged by disasters.

Shift to cash-based, inflation-adjusted accounting

With a wider range of tools, the convention's accounting system will also need to be overhauled.

The convention was originally introduced to guarantee a certain level of “supplies of food aid irrespective of world food price and supply fluctuations” (Preamble). This is why commitments are expressed mainly in terms of wheat equivalent tons of food. Yet this system makes it difficult to account for, and thereby discourages, newer forms of cash-based food assistance, such as local and regional procurement, cash and voucher transfers or even special nutritional products. It has also not successfully insulated food aid commitments against price fluctuations; donors have historically lowered their overall commitments when renegotiations have taken place during periods of high food prices, as is true today. Moreover, the current accounting system provides donors with incentives to delay deliveries when food prices rise.

Donors should not only raise their overall commitment levels to reflect the steadily increasing populations affected by disasters. They should also shift to an accounting system that provides a more effective guarantee of food assistance levels and that does not discriminate between different types of food assistance. This could be achieved by expressing all commitments fully in cash indexed to global food prices so as to avoid transferring food price risk to those affected by emergencies. In practice, this would mean annual recalculation of food assistance commitment levels based on the current yearly average of the food price index as reported by the United Nations Food and Agriculture Organisation.

The current convention counts expenditures associated with the transport, processing and storage of food aid as eligible against commitments, but only if donors can relate them directly to their own food aid shipments. This has led to situations where third parties donated food, but FAC member governments were not willing to pay for transport, processing or storage costs. The new convention should therefore allow all such costs to be counted against a country's commitments no matter who contributes the commodity.

Strengthen the convention's governance

The FAC renegotiation must address the convention's governance arrangements that curtail its overall effectiveness and legitimacy. In its present form, reporting against FAC commitments is not transparent. The convention remains an exclusive, club-like agreement between traditional donors. To match the convention to its stated commitment to appropriate, effective, needs-based food assistance, policymakers should ensure that the following considerations are taken into account:

- Donor reports should be made publicly available at least quarterly. In the case of European governments, reports should be disaggregated for individual bilateral donors, not just the aggregate of the EU. This would allow civil society organizations and the media to track performance and enhance overall donor accountability.
- The convention and its bodies should integrate new donor governments willing to commit to food assistance, as well as representatives of countries affected by emergencies. This would increase the legitimacy of the convention, broaden the donor base for food assistance and reorient the convention towards those in crisis. Ideally, prospective new members should already be involved in the negotiation stage.
- An expanded Food Aid Committee, the executive body of the convention, should act as a broader and more active forum for donor coordination around food assistance. This means strengthening its monitoring and evaluation capacities and expanding its role from watching over the fulfillment of food aid commitments to also facilitating information exchange, cooperation and mutual learning

regarding food assistance policy and practice. Such changes would allow the committee to become a donor-led counterpart to the global Food Security Cluster, which coordinates operational agencies.

- The FAC needs to be linked more closely to food security agencies to ensure that short-term relief operations are coordinated with longer term efforts to increase agricultural productivity and rural livelihoods. In particular, the convention could strengthen its ties with the reformed Committee on World Food Security and the global coordinator of the newly established Food Security Cluster by relocating its secretariat to the Rome-based food agencies.

Conclusion

With food prices soaring, negotiators must agree on an improved Food Aid Convention. These recommendations present a realistic way to remedy many of the convention's shortcomings. By the summer of 2011, governments should agree on a wider range of tools for both new food assistance methods and recovery activities. They should adopt commitments defined in cash terms, indexed to global food price inflation, and end disincentives to donating more nutritious food products. It is also in the interests of all signatories to ensure greater accountability and coordination among old and new members of the convention. The current window of opportunity is open only for a short time. But it offers a real chance to consolidate and build on the considerable innovation and convergence that has occurred among major food aid donors since the FAC was last renegotiated in 1999, and in so doing, to better satisfy the Convention's assurance that "the most effective and appropriate form of assistance" flows to the world's hungry.