

Renegotiating the Food Aid Convention

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The governance of international food aid flows is a patchwork quilt of institutions and agreements that have emerged over the past 50 years. These arrangements are characterized by overlapping mandates, differing degrees of authority and legitimacy, varied levels of transparency in decisionmaking, and problematic stakeholder representation—it is no exaggeration to describe them as dysfunctional, outdated, and of limited effectiveness.

One component of this governance structure is the Food Aid Convention (FAC). First signed in 1967 and renewed five times since then, the FAC is the only treaty under which signatories have a legal obligation to provide international development assistance. The current FAC will soon expire; negotiations on a new convention may begin sometime in 2007.

Criticisms of the FAC

The current FAC has a number of problems. While signatories commit to providing a certain amount of food aid, expressed in wheat-equivalent tons (and, in the case of the European Union, a cash commitment), these are set so low that they fail to provide a meaningful floor. Since 1975, food aid shipments have averaged 10–13 million metric tons annually, a level well above the FAC minimum of 4–7 million metric tons. In addition, although commitments are based on volume without regard to price—so they should make food aid countercyclical with respect to grain supplies—in practice, donor management of food aid remains procyclical. When signatories do not meet their commitments, there are no meaningful consequences. The Food Aid Committee, the FAC governing body, does not publicize donors' failures to meet commitments. Evaluation is also lacking: there is no mechanism for systematically discussing food aid effectiveness or for evaluating performance of individual donors or overall food aid in relation to commitments.

Only FAC signatory donors sit on the Food Aid Committee. Despite their prominence as food aid stakeholders, recipient-country governments and nongovern-

mental organizations (NGOs) are excluded from Food Aid Committee discussions. Representatives from some international organizations—the World Food Programme (WFP), the Food and Agriculture Organization of the United Nations (FAO), the World Trade Organization (WTO), and the Organisation for Economic Co-operation and Development (OECD)—may attend as observers, but in practice, they often cannot attend sessions if committee members have not requested their presence.

Moreover, the FAC operates with little transparency. The Food Aid Committee provides remarkably little public information on its deliberations. Members' background position papers are difficult to obtain, meeting minutes are not made public, and the press release that follows meetings excludes mention of points of disagreement among members and—unlike the materials circulated among members—does not include details of members' adherence to their FAC pledges.

Food Aid and the Global Food Security Outlook

Any renegotiation of the FAC needs to take account of the global food security outlook and its implications for food aid. Global cereal production set an all-time record in 2004, then fell slightly in 2005 and substantially in 2006. Although output in 2005 was 15 percent greater than in 1990, demand has outpaced production, with major drawdowns of stocks between 1997 and 2003 and again in 2006. According to FAO, more than 800 million people in developing countries continue to have inadequate access to food, and the number has increased since 1995. Micronutrient deficiencies are widespread, and the international community's response to humanitarian emergencies is highly variable.

Six other developments impinge on future food aid. First, increased amounts of North American grain are likely to go into producing alternative fuels, absorbing grain that might otherwise provide food aid resources. Second, controversies about food aid from genetically

modified cereals are likely to persist. Third, climate change is likely to contribute to reduced agricultural production in developing countries and to more severe and frequent extreme weather events, such as droughts and floods, creating food aid needs. Fourth, the availability of in-kind food aid may decline owing to reduced donor domestic support for agriculture, depending on Doha Round outcomes. Fifth, the quantity and use of food aid continue to evolve. In per capita terms, food aid to all developing countries has fallen by two-thirds since 1970. Emergency food aid has accounted for between half and two-thirds of all tonnage in recent years. Non-emergency food aid is now limited to a narrow range of activities such as food-for-work, school feeding, and health and nutrition interventions. And sixth, many donors are reducing food aid from their own farms and are instead providing cash to purchase food in either the recipient country or neighboring countries. While there are clear benefits to such an approach, these local purchases and triangular transactions require careful management to avoid bidding up prices when supplies are tight.

Key Issues in Renegotiating the FAC

There is widespread agreement that the status quo is untenable, owing to likely developments in other fora, most notably WTO negotiations. The convention needs to change to reflect new realities.

One issue concerns the objectives and focus of a new FAC. The 1967 convention had an “instrument focus” that emphasized the conduct of food aid programs. By 1999 it stressed the use of that instrument to address food insecurity and food emergencies. New objectives and focus could fall somewhere along the following continuum:

- A minimalist approach that modifies existing objectives to remain consistent with a new WTO agreement;
- An enhanced instrument focus that facilitates dissemination of best practices, member adherence to commitments, increased transparency, and assessment of food aid effectiveness;

- A strengthened problem focus that emphasizes the use of food aid to prevent famine and advance food and nutrition security;
- An expanded problem focus that includes a range of food and cash food security programs; or
- A restricted problem focus on emergency food aid, possibly coupled with efforts to improve global emergency response.

Another key question is the merit of the minimum tonnage commitment. Many analysts agree that food aid is appropriate where local food markets are nonexistent or limited but that cash commitments should be used to meet the costs of micronutrient fortification and shipping and processing within developing countries.

Stronger monitoring and evaluation should also figure prominently in a new FAC. The Food Aid Committee could collaborate with the OECD, FAO, and WFP to harmonize food aid monitoring, increase transparency, and assure periodic peer reviews. An enhanced FAC secretariat could monitor the impact of cash and food aid in recipient countries.

The FAC governing body should include representatives of recipient-country governments to improve fairness and effectiveness, particularly with respect to assessing needs and determining the most appropriate interventions. The Food Aid Committee could also allow relevant and competent international organizations, the private sector, and civil society groups to observe and speak.

A revised FAC can play a small but valuable role in enhancing global food security, but only if it operates with a clearer focus, improved commitments, greater transparency, and improved accountability.

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