



OI Humanitarian Policy Note on Food Aid

Overview: Oxfam International's position on Food aid

In the face of increasing food insecurity, Oxfam calls for a fundamental shift in the way food crises are addressed. Food aid – specifically the provision of food in-kind – undoubtedly saves lives, and will continue to play an important part in international responses to food crises. But food aid is often provided without a proper assessment of needs, and regardless of the context, livelihood group, or the socio-economic status of the people at risk. Furthermore, food aid has often been used to dispose of surpluses when food prices are low, and to prepare markets for future donor country exports.

Oxfam is concerned at the *over-reliance* on in-kind food aid as the dominant form of humanitarian aid, and believes that aid agencies and donors must implement alternatives wherever possible. In most instances there are more appropriate responses to food insecurity than direct transfers of food. The current food crisis has drawn attention to the food system, and this scrutiny should be used as an opportunity to bring about a fundamental shift in the way food aid is provided.

Oxfam recommends:

- Aid agencies and donors enthusiastically develop viable alternatives to direct transfers of food in response to food insecurity, and provide responses that empower communities and decrease future vulnerabilities. These should include food or cash for work programmes as well as market and production support measures.
- A concerted move away from in-kind food aid as the dominant form of assistance in response to food insecurity.
- When direct food aid is needed, it should always be purchased within local markets where possible. Furthermore, local purchases should be undertaken in a way that supports small-scale agriculturalists and helps to decrease future vulnerabilities.
- The World Food Program (WFP) should enthusiastically implement its Strategic Plan, and – with others – should support social safety net programming to provide reliable assistance to people in predictable and often cyclical crises.

1. Background

Every day, hunger and poverty claim the lives of around 25,000 people, while of a global populace of nearly seven billion, over 850 million people do not get to eat the food they need.¹ These figures represent not only countless human tragedies, but also a massive injustice that is all the more shocking because it is entirely avoidable.

The developed world's traditional response to hunger has been the provision of food aid – usually the direct transfer of grains (food aid in-kind), or cash to purchase food. From its inception food aid has been enmeshed in states' foreign and economic policies, originally conceived in the 1950s as a means of disposing of surpluses, it has often been used as a tool to prepare future export markets for developed country agribusiness.²

Food aid is the principal form of global humanitarian assistance, accounting for 54 per cent of contributions to UN appeals since 2000.³ Much of what is given is in-kind food aid from major producers, specifically the United States, the largest food aid donor. Although there has been a decline in the amount of food aid distributed over the last decade – a consequence of rising prices –

¹ FAO (2006) *The State of Food Insecurity in the World 2006*, Rome: FAO

² M. Mousseau (2005), *Food Aid or Food Sovereignty*, Berkley: The Oakland Institute

³ Development Initiative (2008), *Global Humanitarian Assistance 2007/8*, Wells: Development Initiative

food is still consistently the best-funded sector, dwarfing the amounts given to shelter, water and sanitation, or health.

Food aid undoubtedly saves many lives, and will remain an important part of the global response to a variety of crises. However, Oxfam is concerned at the *over-reliance* on in-kind food aid as the dominant form of humanitarian aid. It is pro-cyclical (meaning that when global food prices are high there is less food aid, and vice-versa), and usually tied to conditions – such as that a company from the donor country transports it. In-kind food aid has become a default option that is often inappropriate because it is provided regardless of the context, livelihood group, or the socio-economic status of the people at risk. In most instances there are more appropriate responses to food insecurity than direct transfers of food.

Many of the problems that have arisen from the use of food aid have also been in part due to the lack of adequate assessment measures, with assessments regularly used to justify pre-determined programmes and the mobilisation of resources – usually food – rather than to design programmes that most effectively respond to human needs.

In addition, food aid remains highly politicised: national governments may attempt to manipulate food to benefit or disadvantage one group or another, while agencies with different mandates and specialisations inevitably compete for limited resources. The Integrated Food Security Phase Classification (IPC) aims to better categorise levels of food insecurity across contexts, offering a tool to rationalise decisions over the allocation of resources. But progress in developing the IPC has been slow.

The current global food crisis, brought about by spiralling prices, has focused the world's attention on food policy in a way not seen before. Climate change (and the adoption of bio-fuels as an attempt to cut emissions), the high price of oil, increased demand from - and shifting diets within - China and India, and continuing population growth are all contributing to the current rise in prices.

These issues go beyond food aid and raise wider questions about the equity and sustainability with which the world feeds itself, but there are immediate implications for the provision of life saving assistance to vulnerable populations. Furthermore, other factors in the global food crisis, such as chronic under investment in agricultural development and poor agricultural and food policy across the developing world, have limited many countries ability to shield their populations from rising prices.

As food prices rise and the international community considers how to address the global food crisis, Oxfam believes it is time for a fundamental shift in the way food crises are addressed.

2. Oxfam International's position on food aid in humanitarian emergencies

2.1 The aid community should enthusiastically implement viable alternatives to food aid, and work together to respond more coherently to food crises

Oxfam believes that food aid is an important and life-saving tool that will continue to be used when responding to natural and man made calamity. However, in many cases traditional food distributions are not the most appropriate response. At times, food may be available in local markets but many are simply unable to afford enough to feed themselves and their families. In cases like this, measures which increase the purchasing power of food insecure populations, such as direct cash assistance, could help enable people to buy the food they require and provide more dignified and sustainable outcomes. This was the case in Indonesia in the aftermath of the Indian Ocean Tsunami, where because the devastation was limited to coastal areas there was still sufficient food in the country, yet those affected could not purchase it. In this case Oxfam instigated cash for work programmes, assisting those in need while bolstering local markets. At the same time more direct support to producers and markets may be appropriate as they can reduce future vulnerability, such measures include productive inputs (of seeds, tools, livestock etc.) or infrastructure projects.

In-kind food aid is also both expensive and slow. Research into US food aid has shown that the final in country value of the food made up less than fifty per cent of the total, the rest was taken up by shipping and procurement costs, in effect providing aid not only to developing countries, but also to US

shipping companies.⁴ Additionally, shipping vast quantities of food around the globe is a slow process, and combined with the frequent inertia mobilising resources and political will, can often mean food aid arrives at its destination months after the date it was originally needed. Not only does this prolong people suffering, but at a time when the market is trying to recover from the previous shortage, it is flooded with cheap food from international agencies, as happened in Malawi in 2003, further destabilising the livelihoods of small scale farmers and reinforcing the risk of future market related food shortages.⁵

The current global food crisis has forced agencies to reappraise the way in which they provide assistance, and the WFP's strategic plan for 2008-2011 demonstrates that the pre-eminent food relief agency recognises that the status quo is not an option. The expressed desire to transform itself from a 'food aid agency' to a 'food assistance agency' is welcomed.⁶ Moving away from an overwhelming reliance on food distributions to a wider variety of measures which attempt to fight hunger at more points on its causal chain is vital to combating increased food insecurity. However, questions must be raised about how the WFP can muster the expertise and resources to deliver such change from within an organisation without such previous specialisations.

Notwithstanding the encouraging shift in the WFP's policy, current responses to food crises are ad hoc, incoherent, and inadequate. The lack of clarity as to the division of labour between the main food agencies has been to the detriment of the system as a whole. The Food and Agriculture Organisation (FAO), sidelined by the growth of the WFP, has specific expertise that should be utilised. These include its role in knowledge management, as well as the potential for increasing work with national government through technical cooperation and livelihoods support. The International Fund for Agricultural Development (IFAD) could play a stronger role in supporting the mechanisms needed to increase the viability of local purchasing.

The Food Aid Convention (FAC) – through which grain-exporting nations agree food aid quotas – is un-transparent, overly complex and does not prevent the pro-cyclical characteristics of food aid. Like many elements of the food aid system, the FAC is embroiled in issues far removed from providing aid to those in crisis, specifically agricultural trade disputes between the US and EU, currently stalled in the World Trade Organization negotiations. While the impasse at the WTO means any reform is unlikely to be imminent, any such reform should contribute to global food security through providing sufficient, appropriate, timely and predictable food aid, not promoting the interests of donors.

Oxfam Recommends:

- Agencies adopt and promote a wider 'tool box' of alternatives to food aid, which meet people's basic needs, while at the same time empowering them to build sustainable livelihoods; such programmes include:
 - *Economic assistance* such as food-for-work, cash-for-work, cash transfers, and micro-credit assistance
 - *Market support* interventions such as livestock de-stocking, provision of vouchers, or market infrastructure support
 - *Production support* such as agricultural, livestock, or fishing interventions (inputs, technical support, etc.).
- When direct food aid is needed, it should always be purchased within local markets where possible. Furthermore, local purchases should be undertaken in a way that supports small-scale agriculturalists and helps to decrease future vulnerabilities.
- The lessons from pilot projects should be taken and integrated. The impact of every part of this wider 'tool kit' should be comprehensively assessed, with wider dissemination and application of the lessons learned.

⁴ C. B. Barrett and D. G. Maxwell, (2005) *Food Aid after Fifty Years: Recasting Its Role*, London: Routledge

⁵ On average it takes five months from the date of request to port delivery for US food aid, perversely, due to bureaucratic delays, this is still seen by operational agencies as the quickest form of aid. See Barrett, C.B. and D.G. Maxwell (2006), 'Towards A Global Food Aid Compact', *Food Policy*, 31 (2): 105-118. For the effect of late delivery on Malawi, see F. Mousseau (2004) 'Role of and Alternatives to Food Aid in Southern Africa. A report for Oxfam available at: <http://www.sarpn.org.za/documents/d0000998/index.php> (accessed September 2008)

⁶ WFP (2008) 'The Strategic Plan (2008–2011)' Executive Board Annual Session Rome, 9–12 June 2008. Available at: www.wfp.org/eb/docs/2008/wfp176663-2.pdf (accessed September 2008)

- The WFP should enthusiastically implement its Strategic Plan, and – with others – should support social safety net programming to provide reliable assistance to people in predictable and often cyclic crises, helping people to survive lean periods without stripping assets.
- Coordinated support for the restoration of national grain reserves that give flexibility and stability within developing countries, creating a buffer in times of food shortages or market volatility.
- The FAC reform negotiations must focus on it becoming based on the needs of food insecure populations, rather than those of developed countries governments.⁷ The governance of the food aid system should be firmly grounded with the Rome based agencies.

2.2 The policies of Donors must change so that they appropriately support aid that addresses the real needs of recipients

Donor countries have regularly both over-used and misused food aid rather than adopting more effective solutions to long-term problems. Donor's have provided food aid to address under-development, conflict, foreign exchange shortfalls, and as a form of direct budget support – less frequently it has been used to address actual food deficits.

Sustained criticism from the 1990s onwards has led to some shift in policy, especially from European donors. There has been a greater commitment to response according to need, and for the improved efficacy of aid in general. Various initiatives for improving humanitarian aid exist, and although they go beyond food aid specifically they have influenced the debate on how it can be improved.⁸

The European Union (the second largest food aid donor) and most of its Member States have adopted untied cash-based food aid policies that promote the local and regional purchase of food aid, rather than food in-kind; other big donors are moving in the same direction. But the US, the world's largest provider of food aid, has as yet failed to move in the direction of other donors and reduce the reliance on in-kind food aid.

Oxfam Recommends that *all* Donors:

- Reduce the emphasis on food aid – and particularly in-kind and tied food aid – so that it is used only when it is the most appropriate response to assessed human needs.
- Wherever possible, donors fund the local and regional purchase of food in a manner that supports small-scale farmers, particularly in Least Developed Countries.
- Provide cash-based and other flexible responses to different forms of crisis, driven by the objective assessment of needs and analysis of their causes, to respond to both immediate needs and long-term causes.
- Establish fast and flexible funding mechanisms to support different forms of aid in response to changing circumstances.
- Build into their long-term programming the ability to rapidly scale-up their aid to relevant countries to ensure timely, reliable, and adequate aid in acute periods.
- Provide predictable multi-annual funding for cyclical and predictable crises.

⁷ For more information of FAC reform see: J. Hoddinott, M. J. Cohen and C. B. Barrett, (2008), *Renegotiating the Food Aid Convention: Background, Context, and Issues*, Global Governance (Forthcoming)

⁸ Including a group of donors committed to 'Good Humanitarian Donorship', and the Paris Declaration of Effective Aid