

Subject: Food Aid and Food Security Policy Paper

The USAID Food AID and Food Security Policy Paper was approved by Deputy Administrator Carol Lancaster on February 27, 1995. This policy paper, which is attached to this Notice, will guide program development and resources allocation for all USAID administered food aid activities.

Poverty and poor distribution of food leave a significant portion of the world's population hungry and malnourished. To meet this challenge, USAID is focusing its resources on sustainable development. Our goals are to invest in people, expand access and opportunity and promote favorable policies and institutional environments which attack the primary cause of hunger -- poverty.

Food assistance plays an important and special role in this effort. How food aid will be used by USAID to accomplish our strategies for sustainable development is the subject of this policy paper. It provides an overview of the changing nature of global food security and the recent changes in both domestic and international conditions affecting food aid. The paper's principal policy consequences and management implications are:

- For Title III Programs

- o Priority in allocating food aid will be given to countries most in need of food. Under current world conditions, those countries are primarily in Africa.
- o Priority will be given to programs with direct linkages to increased agricultural production and consumption.

- For Title II Programs

- o Priority will be given to programs in those countries that need food most and where food insecurity is greatest. Title II programs will focus on improving household nutrition, especially in children and mothers, and on alleviating the causes of hunger, especially by increasing agricultural productivity.

- For all Programs

- o USAID will allocate resources and manage programs to increase the impact U.S. food aid has in reducing hunger.

- o Food aid will be integrated to a greater extent with other assistance resources (particularly USAID resources). Proceeds from the monetization of food can be used to complement direct feeding programs and to support development programs, particularly those which enhance agricultural productivity and/or improve household nutrition.
- o Greater attention and resources will be allocated to strengthening the program development and management capacity of USAID's food aid partners: the Private Voluntary Organizations, local non-governmental organizations and the World Food Program. USAID field missions will strengthen collaboration and dialogue with these partners in working to achieve mutually agreed objectives.
- o USAID will seek to identify greater budgetary flexibility to respond to emergencies. Since overall food aid appropriations are likely to be reduced, this flexibility will need to come from such measures as expanding the types of commodities in existing reserve systems and improved multilateral coordination.
- o Greater priority will be given to the relief to development continuum. Food insecure countries must be prepared to cope with recurring drought and with political conflict. Equally important, relief programs must ensure families are able to return as quickly as possible to productive lives.

The Agency will be flexible in applying this guidance. The ultimate objective is improvement in the food security of poor and hungry people. By focusing our activities according to the guidance contained in this paper the impact of our P.L. 480 resources will increase.

USAID is committed to reviewing food security issues on an ongoing basis. The Agency will continue to work closely with the PVOs and through international and related fora on food security issues. USAID will focus on the opportunity to introduce innovative new programs to reduce hunger and support sustainable development, especially in the Horn of Africa.

This paper was prepared in consultation with the Private Voluntary Organizations that manage much of the U.S. food aid program and with USAID field missions.

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U.S.A.I.D. Policy Paper

FOOD AID AND FOOD SECURITY POLICY PAPER

Bureau for Program and Policy Coordination
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

February 27, 1995

TRANSMITTAL MEMORANDUM

It is with great pleasure and interest that I transmit to you USAID's "Food Aid and Food Security Policy Paper." It is my expectation that this will guide program development and resource allocation for all USAID-administered food aid activities.

The ability of the world to feed itself has improved dramatically over the last three decades. On a global basis, there is enough food to provide adequate calorie and protein levels for today's population. This apparent adequacy of the global food supply, however, is misleading. Poverty and poor distribution of food leave a significant portion of the world's population hungry and malnourished. To meet this challenge, USAID is focusing its resources on sustainable development. Our goals are to invest in people, expand access and opportunity and promote favorable policies and institutional environments which attack the primary cause of hunger -- poverty.

Food assistance plays an important and special role in this effort. How food aid will be used by USAID to accomplish our strategies for sustainable development is the subject of this policy paper. It provides an overview of the changing nature of global food security and the recent changes in both domestic and international conditions affecting food aid. The paper's principal policy consequences and management implications are:

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- USAID will allocate resources and manage programs to increase the impact U.S. food aid has in reducing hunger.
- Food aid will be integrated to a greater extent with other assistance resources (particularly USAID resources).

Proceeds from the monetization of food can be used to complement direct feeding programs and to support development programs, particularly those which enhance agricultural productivity and/or improve household nutrition.

- Greater attention and resources will be allocated to strengthening the program development and management capacity of USAID's food aid partners: the Private Voluntary Organizations, local non-governmental organizations and the World Food Program. USAID field missions will strengthen collaboration and dialogue with these partners in working to achieve mutually agreed objectives.
- USAID will seek to identify greater budgetary flexibility to respond to emergencies. Since overall food aid appropriations are likely to be reduced, this flexibility will need to come from such measures as expanding the types of commodities in existing reserve systems and improved multilateral coordination.
- Greater priority will be given to the relief to development continuum. Food insecure countries must be prepared to cope with recurring drought and with political conflict. Equally important, relief programs must ensure families are able to return as quickly as possible to productive lives.

The Agency will be flexible in applying this guidance. Our ultimate objective is improvement in the food security of poor and hungry people. We believe by focusing our activities according to the guidance contained in this paper we will increase the impact of our P.L. 480 resources.

USAID is committed to reviewing food security issues on an ongoing basis. We will continue to work closely with the PVOs and through international and related fora on food security issues. We will focus on the opportunity to introduce innovative new programs to reduce hunger and support sustainable development, especially in the Horn of Africa.

This paper was prepared in consultation with the Private Voluntary Organizations that manage much of the U.S. food aid program and with USAID field missions. I appreciate the many constructive suggestions which came from the PVOs and from USAID field missions and the collaborative spirit which surrounded this effort.

J. Brian Atwood
Administrator, USAID

FOOD AID AND FOOD SECURITY

USAID POLICY PAPER

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Executive Summary

Since enactment of P.L. 480 in 1954, the global agricultural economy has changed radically. U.S. food aid and related foreign assistance programs have contributed to rapid expansion of global food security. Even in developing countries, hunger no longer dominates daily life.

However, the past forty years have produced uneven progress. The challenge of world hunger in the 1990s, particularly in Africa, is real.

- 800 million people in the world are chronically undernourished.
- More than 180 million children are severely underweight.
- 13 million people die every year from hunger and related causes, mostly children under 5.
- An estimated 35 million people "at risk" needed 4.5 million tons of emergency food assistance in 1994.

In the long run, USAID believes sustainable development offers the best hope for significant reduction in hunger, and food aid has an important and special role to play in this effort.

But the conditions which govern U.S. food assistance have changed since 1954. The U.S. no longer generates large agricultural surpluses--food aid is now a scarce resource. Moreover, U.S. government funding for food aid is subject to the same budget constraints as other forms of assistance--every dollar allocated for food aid is equivalent to a dollar of development assistance.

In this new environment, USAID must ensure that food aid is used as effectively and efficiently as possible.

This policy paper is the logical next step toward making food aid a more effective and efficient resource for promoting food security in needy countries. It draws on "lessons learned" in successful efforts in Asia and Latin America to help poor people move from hunger and malnutrition to sustainable development. The paper is designed to provide broad guidance to USAID field managers and to the Private Voluntary Organizations (PVOs) that implement much of the U.S. food aid program. It is the responsibility of these field managers, including the PVOs, to decide how best to achieve food security.

This policy paper provides guidance on the program interventions USAID believes are most likely to achieve sustained improvements in food security. It is not prescriptive. However, the evidence in support of these reforms is increasingly compelling.

USAID's goal is to increase the impact of food aid in reducing hunger.

For Title III programs, this means USAID will give greater priority in allocating food aid to those countries that need food most and within those countries will concentrate on programs with direct linkages to increased agricultural production and consumption.

Similarly, Title II development programs will focus on improving household nutrition, especially in children and mothers, and on alleviating the causes of hunger, especially by increasing agricultural productivity. Other programs which can clearly be shown to improve food security, for example, by increasing incomes in rural and urban areas through economic and community development and by promoting sound environmental practices, will also be considered.

For Title II development programs, priority will be given to programs in those countries that need food most and where food insecurity is greatest. However, programs will also be eligible for funding in developing countries where progress is being made but where there remain large numbers of poor and hungry people.

Procedures for implementation of Title II programs will continue to be developed in consultation with cooperating sponsors pursuant to the requirements of Section 205 of P.L. 480, which creates the USAID/PVO Food Aid Consultative Group.

For both Title II and Title III, these priorities will help ensure scarce resources are allocated where they have the greatest impact. Except for emergencies, food aid programs in countries where overall U.S. foreign assistance has been terminated will be approved on an exception basis only.

Performance monitoring and assessment systems will be introduced to permit USAID and the PVOs to demonstrate more clearly the food security impact of U.S. food aid programs. Responsibility for this new "managing-for-results" system will fall primarily on the PVOs and USAID's field missions. In turn, these field managers will be given flexibility to propose activities which they believe will have the greatest impact on improved food security.

Experience has shown that food aid is most effective when used in conjunction with complementary programs. For example, the recipient country itself must ensure that policies are in place which support economic growth and sustained development. This

suggests food aid has its greatest potential for sustained impact on food security when it is programmed as an integral part of a broader effort including USAID, PVO, other donor and recipient country resources.

Most important, USAID expects its food security programs to result in local capacity for continued progress, even after U.S. assistance programs end. Building this local capacity should be an important objective of all USAID activities, since it is essential both to improved food security and to sustainable development.

In summary, this paper provides an overview of food security in the world today and identifies measures available to reduce hunger and malnutrition. These new Agency policies are fully consistent with existing legislation.

The principal policy consequences and management implications are:

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- USAID will seek to identify greater budgetary flexibility to respond to emergencies. Since overall food aid appropriations are likely to be reduced, this flexibility will need to come from such measures as expanding the types of commodities in existing reserve systems and improved multilateral coordination.
- Greater priority will be given to the relief to development continuum. Food insecure countries must be prepared to cope with recurring drought and with political conflict. Equally important, relief programs must ensure families are able to return as quickly as possible to productive lives.

In adopting these policy and management reforms, USAID is recommitting itself to the effective and efficient use of food aid as a resource for sustainable development. Field managers and PVOs will be expected to fully consider this guidance and justify program proposals in terms of food security results. In turn, they will be held accountable for achieving such results once programs have been approved.

FOOD AID & FOOD SECURITY

I. INTRODUCTION

The ability of the world to feed itself has improved dramatically over the last three decades. Intensive agriculture and new crop varieties have fueled steadily increasing per capita food production. Decreasing world food prices have made food more available to a greater number of people. In 1975, approximately one in three people in developing countries was underfed; today, the number of underfed has dropped to one in five.

The long-term sustainability of this progress, however, is increasingly at risk. Advances in major crop yields, such as wheat and rice, have slowed. The intensive use of land and water, which brought major production increases, now brings growing environmental costs. And most significantly, world population continues to grow at the rate of nearly 100 million people per year--mostly in the developing world.

Though millions have benefitted from the world's agricultural progress, the distribution of global food supplies is very uneven, with hunger still prevalent in some regions of the world, particularly South Asia and sub-Saharan Africa.

The challenge of world hunger in the 1990s is real:

- 800 million people are chronically undernourished.
- More than 180 million children around the world are severely underweight.
- 13 million people die every year from hunger and related causes (mostly children under age 5).
- An estimated 35 million people "at risk" needed 4.5 million tons of emergency food assistance in 1994.

Most hunger is still found in rural areas--large regions of persistent poverty, such as the Horn of Africa, where development has failed and fragile ecosystems and civil strife combine to keep hunger alive. Rapid urbanization has also drawn growing numbers of rural poor who have little or no access to jobs and are therefore unable to feed their families.

For the United States, global hunger is both a humanitarian concern and a strategic problem. Americans have traditionally supported humanitarian assistance for those in need and in crisis. However, our aid reflects not just a noble humanitarian

impulse, but also an investment in preventive diplomacy. Hunger and food insecurity contribute to political instability; exacerbate environmental degradation; create migration pressures and displaced populations; and prevent sustainable development. Ultimately, global hunger affects our own basic interests as a nation.

However, alleviating hunger is a daunting challenge, especially so if self reliance is the goal. The causes of hunger are complex, and improvements in food security are difficult to sustain.

- Hunger results from lack of broad-based economic growth, especially for the very poor. Hunger prevents people from being economic participants, except in desperation or as supplicants--and lack of economic opportunity engenders poverty. Increased food productivity plays an important role in alleviating hunger and in broad-based economic growth. Very few countries have experienced rapid economic growth without growth in food productivity preceding or accompanying it.
- Hunger results from environmental degradation. Food insecurity drives the exploitation of marginal lands, the misuse of water supplies, the exhaustion of soils, and deforestation. Nearly two-thirds of tropical deforestation currently comes at the hands of small-scale agriculturalists attempting to grow more food.
- Hunger results from lack of access to family planning services. World population is growing by 100 million per year, straining the productive capacity of agriculture. Hunger also causes poor maternal health and high rates of infant mortality--the latter a factor that drives higher birth rates.
- Hunger is a democracy issue. Pursuit of democracy is hampered when basic human needs are lacking. Conversely, democratic governments tend to be more responsive to the basic needs of their people.

II. FOOD SECURITY

A. Definition of Food Security.

People are "food secure" when they have regular access (either through production or purchasing power) to sufficient food for a healthy and productive life.

Drawing on the 1990 legislative reforms to P.L. 480, USAID in 1992 issued a broad definition of food security: "When all people at all times have both physical and economic access to sufficient food to meet their dietary needs for a productive and healthy life." This definition further notes that "three distinct variables are central to the attainment of food security: availability, access, and utilization." These variables are interrelated.

Food availability is achieved when sufficient quantities of food are consistently available to all individuals within a country. Such food can be supplied through household production, other domestic output, commercial imports or food assistance.

Food access is ensured when households and all individuals within them have adequate resources to obtain appropriate foods for a nutritious diet. Access depends upon income available to the household, on the distribution of income within the household and on the price of food.

Food utilization is the proper biological use of food, requiring a diet providing sufficient energy and essential nutrients, potable water, and adequate sanitation. Effective food utilization depends in large measure on knowledge within the household of food storage and processing techniques, basic principles of nutrition and proper child care.

B. Food Insecurity Today

Global agriculture currently produces ample calories and nutrients to provide all the world's people healthy and productive lives. However, food is not distributed equally to regions, countries, households and individuals. A substantial share of the world's supply of calories and nutrients is allocated to diets rich in animal protein. At the same time, many families have insufficient food to meet their basic needs and must be considered chronically food insecure.

Food aid can help meet a fraction of the needs of the poor. However, improved access to food--through increased agricultural productivity and incomes--is essential to meet the food needs of the world's growing population. Agricultural productivity includes measures across the entire spectrum of the food system which reduce food costs in real terms and increase incomes.

If historical patterns hold, rising incomes will result in increased effective demand for food, and, in turn, increased production. In a world where there are already many food insecure people, this process will create additional uncertainty about food supplies for the poor, especially if food prices also rise. However, it also means there is real potential for expanding the incomes of the poor if ways can be found to improve their productivity both on and off the farm.

South Asia and Sub-Saharan Africa are the regions most affected by chronic food insecurity.

African food security has declined in the 1980s due to rapid population growth, economic stagnation, and civil strife. The combination of growing population and lagging food production in sub-Saharan Africa points to an impending crisis for the region. During the decade of the 1990s, the food gap in Africa is expected to more than quadruple to 50 million tons of grain equivalent, an amount far beyond either the ability of African nations to import or developed countries to supply through food aid.

While the trends in South Asia are not as disquieting, food insecurity will remain a significant problem. Crop yields are increasing at a slower rate than over the past three decades. By the year 2025, the cereal food gap alone in Asia is expected to be 255 million tons.¹

Basic economic statistics and more complex indexes including measures of nutritional status can be used to evaluate the food security status of a population. At the simplest level, per capita income growth, per capita food production, the percentage of total household income spent on basic foods, and the percentage of the population falling below the country's poverty line are useful indicators. For example, a six year decline in per capita income in several African countries is indicative of growing food insecurity. Similarly, per capita food production declined in twenty-six African countries, without any significant growth in the industrial or service sector to compensate for production, employment and revenue losses. Among the poorest Asian households, sixty to seventy percent of income is spent to purchase basic foods.

FAO has prepared a food security index. It derives from four measures:

¹ The "food gap" is the difference between needs and domestic consumption and imports. Estimate noted in "Sustainable Agriculture for a Food Secure World", Conway Panel, CGIAR Oversight Committee.

- the proportion of the population, on average during the course of the year, who do not have enough food to maintain body-weight and support light activity;
- the magnitude of the food gap of this undernourished group from the national average requirements for dietary energy;
- an estimate of the extent of risk associated with facing temporary annual shortfalls in dietary energy supplies; and
- the effects of cereal food aid shipments.²

Food insecurity today has a devastating impact on families and on the countries in which they live. Where the food insecure make up a substantial portion of the total population, as they do in some parts of South Asia and in Africa, the impact can overwhelm a country's development opportunities. Food insecure people are, by definition, unable to lead healthy and fully productive lives. They drain the social service budgets of the poorest developing countries, and they lack the simple physical energy needed to contribute fully to their own livelihood.

The most pernicious impact of food insecurity, however, is its toll on children. Severe malnutrition results in very high infant and child mortality and, for those children who survive, there are many life-long medical complications, including mental retardation. Recent research has also demonstrated that even mild-to-moderate malnutrition significantly raises the risk of mortality in children. Since this mild-to-moderate malnutrition is so much more common in the poorest countries, this means it is prominent in total child mortality.

C. Causes of Food Insecurity

Many factors interact to create food-insecure situations: chronic poverty, low agricultural productivity, high rates of population growth, civil conflict, poor infrastructure, ecological constraints, inappropriate economic policies, limited arable land and even cultural practices developed over many years. These are not discrete, independent factors, but related elements of the food security equation.

The chief cause of food insecurity is chronic poverty: persistent lack of economic opportunity either to produce adequate food or to exchange labor for the income to purchase adequate food.

² Attachment I provides FAO's index.

In some countries, such poverty results from the unequal distribution of economic opportunities and benefits due to political exploitation or poor economic policies. In others, poverty results from pervasive failure of the national economy to grow and as a result to generate broad based opportunities to produce food or income.

A related major factor affecting food security is the underlying dynamic of population growth. Approximately 100 million people will be added to the world population every year for the foreseeable future. By the year 2025, the population will total 8.5 billion, of whom 7 billion will live in developing countries. Sub-Saharan Africa will grow from 500 million today to 1.2 billion by 2025.

Although global rates of undernutrition are falling, rapid growth of population in some countries and regions inflates the number of malnourished, and weakens the capacity of these countries to become food self-reliant through domestic production and commercial imports. The United Nations Children's Fund (UNICEF) reports that the annual number of births is declining in Latin America; births will peak in Asia in the mid-1990s (the year 2000 for South Asia) and then begin to fall. However, in Africa the annual number of births will continue to rise well into the next century.

Agricultural output, is another major factor in the world hunger equation.³ In Africa, for example, food production increased by 33% in the 1980s, but per capita output of food actually declined as population growth outstripped increased food production.

A related factor contributing to food insecurity is poor infrastructure. Improved on-farm productivity will not increase food security if farm production is unable to make it to market. Farm-to-market roads, for example, may be poor to non-existent, hampering distribution and access to food. Sufficient and well-functioning infrastructure is essential to facilitate exchange and access to markets.

Inappropriate policies which result in disincentives to local production and efficient marketing are another cause of food insecurity. Often local farmers have no incentive to invest in sound agricultural or environmental practices because of price controls, insecure land tenure and/or overly centralized government structures which stifle local initiative. Private food distribution may be discouraged by excessive regulations and

³ See Attachment II for a breakdown of agricultural growth rates needed to: 1) maintain status quo consumption; and 2) meet nutritional requirements.

by unfair competition from subsidized and inefficient government-run parastatals.

Food insecurity can be exacerbated by disease, poor water and sanitation systems, inadequate nutritional knowledge, and cultural conditions which affect consumption patterns. The integration of food security initiatives with other health and education programs can effectively address many of these problems. UNICEF recently estimated that child nutrition could be enhanced as well or better through prevention of diarrheal disease as through supplementary feedings.

Civil war and ethnic conflicts also threaten food security by cutting off whole segments of a country's population from food supplies and disrupting traditional agriculture. Chronic food shortages in the Horn of Africa have been exacerbated by civil conflict.

D. Food Insecurity in Emergencies

All countries confront natural disasters at one time or another. All countries experience some form of political conflict. However, food insecure countries are particularly vulnerable. The sense that they will not be able to feed themselves and their children is one of the most important "tripping mechanisms" in inducing families to leave their homes and become refugees or internally displaced. In Africa, the number of refugees and internally displaced has risen from one million in the early 1970s to over twelve million now.

The demand for emergency food aid has grown dramatically. Between 1989 and 1993, world-wide emergency food needs have doubled from \$1.1 billion to \$2.5 billion per year, according to the World Food Program (WFP). One of the reasons for this phenomenon is the increase in protracted emergencies. "Complex disasters" ⁴ are placing continuing burden on relief agencies: e.g., Sudan since 1983, Angola since 1989, Somalia since 1991. In 1992, NIS and Eastern Europe became new recipients of U.S. food aid, and now constitute a large share of total aid (22% this year). Additional short-term needs tied to civil strife in Bosnia, Rwanda, Haiti, and elsewhere will likely continue to place growing demands on food resources.

⁴ "Complex disasters" are emergencies which combine natural disasters (such as famine, earthquake, flooding) with ongoing civil conflict. As a result, complex disasters tend to be less amenable to resolution or amelioration, and consequently involve donor assistance over longer periods of time.

III. MEASURES TO IMPROVE FOOD SECURITY

In a real and important sense, USAID's entire portfolio contributes to food security. USAID's strategic priorities--economic growth, health and population, the environment, democracy, and humanitarian assistance--each supports improved food security. Helping countries to achieve sustainable development is the surest way to eliminate the chronic poverty which is the root cause of food insecurity. USAID will continue this integrated approach, drawing on development assistance resources to target critical problems in needy countries.

In the case of very poor developing countries, improved agricultural productivity has played a critical role in establishing basic food security. In the major development success stories in Asia--first Korea and Taiwan, then Thailand India and Indonesia, and now even Bangladesh--efforts to promote productivity growth resulted in basic food security for large numbers of people and provided the initial stimulus for economic growth and development. Through productivity increases, food production expanded rapidly and food prices fell relative to nominal wages. The poor were able to procure more food for their families, helping to improve household nutrition, and at the same time to devote some of their resources to other basic needs, including education. Demand for family planning services increased as the importance of child labor in agriculture declined. Incomes grew in rural areas, stimulating investment in off-farm activities and eventually leading to sustained growth.

USAID investments in agriculture played a leading role in this effort. The International Agricultural Research Centers provided key technological breakthroughs which led directly to this "green revolution." USAID bilateral assistance programs provided policy counsel, coordination with other donors and international institutions such as the World Bank, and direct investments in agriculture. Food aid was used to improve access to food and provide balance of payments support. In some cases, direct feeding was used to improve household nutrition.

Achieving food security has always been a complex development challenge. Individual country circumstances vary widely and selecting appropriate measures requires experience and the ability to respond to local needs. Sustaining improvements in food security requires the ability to understand issues at the global, national, community and household level. Most important, achieving food security requires the initiative and hard work of the people themselves and the institutional and free-market environment which will permit their efforts to be successful.

A. Importance of the Global Agricultural Economy

The impact on the developing countries of expanding world food production and growing agricultural trade can be significant. The price of basic grains is determined in the global market, and can be critically important for poor, food deficit countries. A growing market also offers opportunities for many developing countries to expand agricultural production, incomes and exports.

The new GATT agreement includes important new measures to reduce subsidies and open markets. As a result, prices are expected to be somewhat higher than they otherwise would be, which will benefit producing countries. Increasing international prices will also provide production incentives for developing countries. Expanded market access, which will result from the GATT, will encourage expansion and diversification of production as well.

The impact of the global food economy on any individual developing country depends on the country's specific circumstances and its ability to adjust to change. The degree to which a country benefits in this volatile economy depends, among other factors, on its promotion of a sound and supportive domestic policy environment. As an example, in 1993/94 food production per capita declined in 45 of 70 low income food deficit countries when compared to average production the previous five years. However, per capita food use declined in only 20 of these countries. The other 25 were able to adjust and use commercial food imports and food aid to support consumption increases.

Those countries which make the necessary adjustments will benefit in the new global agricultural economy. For those that do not, higher prices for imported basic food commodities will drain development budgets and, perhaps, increase dependency on food aid. The GATT negotiators recognized that the poor, food-deficit countries have traditionally had difficulty adjusting and that food aid in the near term could be especially important. However, food aid simply cannot fill the supply gap over the longer term, and it is essential that the poor, food deficit countries develop the expertise and the political will to adjust to more open international markets. In countries where this is an important issue, USAID field missions can play an essential supportive role with technical assistance and multilateral contacts.

The U.S. Government has in past played a leadership role in negotiating and monitoring the international agreements which regulate the global agricultural economy. However, the lead agencies--State and USDA--have properly concentrated on the interests of U.S. agriculture and its developed economy

competitors. USAID has had little role, and the potential impact of trade on poor, food deficit countries has not been monitored closely. USAID needs to do more in future.

As important, sustained improvement of global agricultural productivity depends heavily on research investments. Past successes have focused on the crops and farming systems of the developed countries and Asia--rice, wheat and corn. To some extent national systems in the countries which are making progress on food security can be relied upon for continued research products suitable to their domestic crops. However, the poorest countries will continue to rely on the International Agricultural Research Centers. USAID continues to view these institutions as important contributors to food security in poor countries and deserving of significant support.

B. USAID Agriculture Programs in Poor Countries

Growth of agricultural productivity and improved household nutrition have been the keys to establishing food security in poor countries. Historically, USAID missions in very poor countries where food security is a major problem have given high priority in their strategic planning to agriculture.

Efforts to expand production of staple food crops have been pursued through improvements in agricultural policies, bringing more land under cultivation, and by increasing yields on existing lands through more intensive use of inputs and through introduction of improved crop varieties.

Now, bringing more land under cultivation is rarely an environmentally acceptable alternative in most regions. In Asia, where total food demand is greatest, the potential for new arable lands or even new irrigated land is already limited. Use of new lands would cause irreversible ecological damage as forests and hillsides are cleared for agriculture.

At the same time, some believe the potential for significant increases in yields on available lands is declining. On a global scale, grain production per person has shown signs of stagnation if not a slight decline since 1985.⁵ In part, this results from removing lands from production in the U.S. and in Europe in response to policies designed to control excess production. However, it also appears growth in productivity of the best agricultural lands in Asia has flattened out in recent years. Some have attributed this "plateauing" in yields to lack of sufficient investment in improved technologies. Food production per capita is actually declining in several African countries.

⁵ Conway Panel, Ibid.

Nevertheless, as most countries in Latin America and Asia have made significant progress toward food security, overall USAID investments in agriculture have declined significantly. Some have suggested this very progress in many developing countries has resulted in a false sense of security about the world's capacity to feed itself. As a result, competition has arisen from other priority areas for scarce development assistance resources. Remaining funding for agriculture, which is now concentrated within USAID's Economic Growth priority area, has been squeezed even for the poor, food deficit countries. In Africa, funding for agriculture declined from a high of \$200 million per year in 1988 to \$125 million in 1993.

C. USAID Household Nutrition Programs in Poor Countries

Within households, food consumption by family members is dictated by a variety of cultural priorities. It is essential that adequate income or household production provide sufficient calories and nutritional balance for all. Equally important, families must have access to clean water and to fuel for preparing food, must understand the basic requirements of family nutrition, and must have access to basic health care services. Access to family planning services and adequate post-natal care, including breast feeding, are also essential.

Within households, all of these food security responsibilities fall most heavily on women. Their decisions translate the basic conditions necessary for food security--availability, access and utilization--into the reality of food secure families. Yet, these same women suffer heavily from the effects of malnutrition. In 1990, an estimated 370 million women between 15 and 49 years of age were anemic, a condition that contributes to high maternal mortality rates, especially during childbirth. Hence, programs to support and enhance the role of women in developing countries can often make an important contribution to food security.

USAID also supports research on nutrition at the household level and is particularly interested in the potential contribution of vitamin A and other micronutrients. There is increasing evidence that availability of these critical elements in the diets of children can help reduce morbidity and mortality. As important, there is also recent evidence that mild to moderate malnutrition, which is closely associated with the overall supply of calories, significantly increases the risks of child mortality. In combination, these findings demonstrate that adequate supply of food, a balanced diet, and knowledge of proper food preparation and nutrition are all essential to sustained food security.

As with agriculture, the competition for foreign assistance resources has meant that only modest funding can be made available for international nutrition programs.

D. Integrated Programs

Achieving food security in the poorest developing countries is proving an especially complex development challenge. The physical environment in much of Africa is fragile and subject to periodic drought. Many areas of Africa and all of South Asia are already densely populated, and growth rates continue to be very high. Basic food crops of the poor--sorghum, millet, and cassava--have not received sufficient attention in global agricultural research. The political and cultural traditions of many of the poorest countries, particularly in Africa, remain distorted by the legacy of colonialism and by poverty. Ethnic conflict and other civil strife regularly disrupt economic progress and sends waves of refugees across national borders.

In this complex environment, marginal efforts are unlikely to succeed. USAID, working with other donors and the recipient countries, must be prepared to mount a comprehensive, sustained effort. Where USAID field missions decide food security is a major problem--and the Agency concludes it can and should pursue improvements in food security as a program objective--the USAID mission must be prepared to allocate the full range of Agency resources to the effort. Donor coordination must also be given high priority.

Since funding for agriculture and nutrition programs--and for broad-based economic growth in general--will continue to be sharply constrained, it is also essential that U.S. food aid be used as efficiently and effectively as possible. This will require a good understanding of the development context for individual countries and regions and a sound analytical framework to guide policies which support sustained progress.

USAID evaluations of food aid programs have shown that food assistance is most effective where it is programmed in conjunction with dollar funding for technical assistance and with local currency for logistical support and grass-roots development activities. In fact, sustained progress toward food security will depend heavily on progress on the full range of factors contributing to sustainable development. This means food aid will be most effective where it is integrated with other USAID resources.

IV. FOOD AID

Title II and Title III of P.L. 480--the food aid programs USAID administers directly--total nearly \$1 billion per year.

Food aid is a very flexible resource and can be used to support improved food security in a variety of ways. However, food aid is also a specialized resource which requires careful consideration of programming circumstances and careful management.

A. The Nature of Food Aid

Food aid is a resource transfer which can be conveyed in kind or monetized. In past, food aid has served a wide range of U.S. government purposes: surplus commodity disposal, relief aid and diverse development interventions. It has proven flexible enough so that it can be used in a variety of forms: balance of payments support, local currency for projects, or in directed feeding programs. In many cases, food-aid sales transactions within the recipient country have, in their own right, been an important development tool, helping to strengthen markets and encouraging policy change.

U.S. private voluntary organizations (PVOs) manage more than half of USAID administered food aid. Drawing on their own resources and management capacity, PVOs provide a unique and invaluable capacity to manage local, community-based programs which directly reach the poor. Local currency generated from the sale of food commodities provides an important complementary resource the PVOs can reinvest in activities designed to improve food security.

1. Special Strengths:

One of the obvious strengths of food aid is its immediate application in feeding people--either as part of a humanitarian relief effort, as part of a recovery strategy or as part of a broader development effort. In situations where food-as-food is critical to humanitarian or development progress, food aid is the preferred USAID resource.

Food aid can also enhance the effectiveness of other development programs such as nutrition education, family planning, child survival, and community development projects. This can be accomplished either through directed feeding or through "monetization" to generate local currency.

An historic advantage of food aid was it was "cheap" in terms of costs to the U.S. foreign assistance budget. For nearly four decades, food aid helped dispose of U.S. domestic agricultural surplus. It provided real benefits to American farmers, and reduced storage and handling costs to the U.S. government. However, with the onset in the late 1980s of new agricultural policies designed to reduce surpluses, (now embodied

as well in the Uruguay Round of GATT), surplus commodities have and will continue to decline precipitously.

No longer can food aid be considered a cheap resource for development and relief. The budget for food aid is now equally subject to the constraints which confront the overall U.S. foreign assistance budget. A dollar spent on food aid is a dollar not spent on "development assistance" and vice versa.

2. Special Considerations:

Food aid also has several distinct characteristics which must be carefully considered when USAID missions and PVOs decide to use food as a development tool--and as humanitarian relief assistance.

Food aid should be managed so that it supports local agricultural production. This may require special efforts to utilize local markets for the distribution of food and careful timing of deliveries. Otherwise, the introduction of food aid can disrupt local agricultural markets, depressing prices and discouraging local farm production. Commodity selection is also important. Food aid may prove counterproductive if the commodity is unacceptable to local preferences and, in extreme cases, can also distort local consumption patterns, with long-term consequences for local agricultural markets.

Food aid can also be expensive to deliver and manage. Shipping costs, including U.S. cargo preference and any necessary inland transportation, add to the costs of delivering U.S. commodities. Proper monitoring of the commodities themselves to guard against waste and diversion is essential and can be costly. Monetization of food aid requires managing the conversion of food into local currency and then acceptable oversight of the disposition of the local currency. All these costs must be carefully weighed against the benefits in considering alternative approaches to accomplishing assistance objectives.

In most cases, food aid requires complementary investments to achieve maximum impact, and USAID missions and the PVOs need to ensure those resources will be available as food is delivered. Even with narrowly stated objectives, such as nutritional improvement in poor children, sustainable development is so complex a process that complementary interventions are necessary. These interventions can be financed with monetization, other local currency sources, or dollar funding. However, they all have their own costs and require significant management commitment.

In developing food aid programs, it is important to capitalize on the special strengths of food aid. To do so

requires full consideration of the special circumstances which influence the costs and effectiveness of these programs.

B. FOOD AID PROGRAMS

While food security is the umbrella policy goal for all food aid programs, each of the USG food aid programs has different characteristics.

1. Title I

P.L. 480 Title I export credit programs develop foreign markets for U.S. farm products. This government-to-government assistance is provided on a concessional loan basis and entails untargeted food distribution through normal commercial channels. Title I is managed by USDA.

2. Title II

(a) Development Programs

Title II development programs provide food aid grants which are implemented by PVOs or the World Food Program. Activities include pilot programs for small-holder agriculture, supporting market liberalization through policy change, nutrition and other child survival programs, community development such as water and sanitation and environmental restoration, or small scale infrastructure development. A portion of Title II commodities can also be monetized by PVO partners to fund complementary development interventions to enhance the impact of food programs and contribute to food security.

(b) Emergency Programs

Title II is also used for direct feeding activities to respond to short-term, unanticipated food shortages. Emergency programs may be implemented by PVOs, WFP or on a government-to-government basis. Increasingly, emergency feeding is a component of relief efforts in complex emergencies involving political conflict. (Sometimes these "emergencies" can last for several years.) Food aid is sometimes monetized to fund complementary activities such as distribution, repackaging, and wet feeding in refugee camps. Emergency feeding is usually managed by PVOs or the World Food Program.

(c) World Food Program

The World Food Program (WFP) is a UN Agency. It is the principal multilateral channel for food aid. It provides food aid used in feeding programs of the UN High Commissioner for Refugees. WFP also manages both development and emergency

feeding programs for bilateral donors, including the U.S. The U.S. makes a biennial pledge of assistance to WFP (currently \$300 million) to cover both commodity and transportation costs for WFP development and refugee projects. Emergency food aid channeled through WFP is committed in response to appeals for emergency food for disaster relief. Direct contributions to WFP for management have so far been minimal.

3. Title III

Title III of P.L. 480 funds government-to-government grants for development activities. Title III programs normally include policy reform conditions and frequently generate local currencies for development projects.

Because Title III commodities most often enter untargeted commercial distribution systems, Title III Agreements may contain commitments by the host government to foster the availability and accessibility of basic foods to the most disenfranchised households.

In May of 1994, USAID approved Title III guidance which states that beginning in 1995 priority will be given to countries where there is the greatest food need, and that the focus of new Title III programs will be on policy reforms and activities directly affecting or improving food production and consumption, including nutrition.

4. Section 416(b)

This program is administered by USDA. Section 416(b) of the Agricultural Act of 1949 provides for overseas donation of surplus agricultural commodities acquired by the Commodity Credit Corporation (CCC) as part of its price support activities. Over the years, this program has provided commodities worth hundreds of millions of dollars to meet emergency needs and for developing countries, most recently in the new independent states of the former Soviet Union. However, CCC-owned inventories have been declining as domestic farm programs have brought supply into closer relationship to demand, and availability of resources for future commodity donations under this authority will be much less than in the past.

5. Food for Progress

This program is administered by USDA. The Food for Progress Act of 1985 authorizes USDA to provide a maximum of 500,000 metric tons of commodities on a grant or credit basis, using (a) funds appropriated to Title I, Public Law 480; (b) the inventories which are available for section 416(b) use; or (c) funds available to CCC, for needed commodities which are

available neither under P.L. 480 nor from CCC inventory. To the extent that CCC funds are used for commodities from the latter two categories, not more than \$30 million may be spent annually for noncommodity costs. The grants and credits are to go to developing countries that are engaged in economic policy reforms, particularly within the food and agriculture sectors, and for emerging democracies. Food for Progress assistance is intended to cushion the effects of structural economic adjustment or other domestic economic shocks which may affect food security.

6. Direct Dollar Procurement

Under special circumstances, USAID may also utilize dollar appropriations for direct procurement of food. The International Disaster Assistance account is used for local food procurement in emergencies. Under the Freedom Support Act, USAID manages a small food aid program (\$38 million in FY 1994) for countries of the former Soviet Union.

V. FOOD AID POLICY AGENDA

As this paper has documented, there have been significant changes in the food security of developing countries, with progress in many places but real problems in others, particularly in Africa. In addition, the global agricultural economy is changing rapidly, with surpluses being eliminated and greater reliance on market forces. In response, USAID has refined its policy guidance on food aid.

This new guidance will assist USAID field missions and PVOs in planning the orderly evolution of U.S. food aid programs. The broad definition of food security contained in the 1990 amendments to P.L. 480 will continue to govern food-aid program development.⁶

Within that broad frame of reference, USAID will provide implementation guidance on how food commodities will be allocated and utilized to meet food security objectives. This detailed implementation guidance will be developed in consultation with the PVOs and USAID's field missions.

A. Policy Guidance on Food Aid and Sustainable Development

Food aid can be a valuable tool for advancing food security goals in developing countries. The role of food aid in promoting

⁶ Section 402(s) of P.L. 480 defines food security as "access by all people at all times to sufficient food and nutrition for a healthy and productive life."

food security must be carefully designed, however, if USAID and the PVOs are to achieve maximum effectiveness from this highly specialized assistance instrument.

In providing food aid, it is essential to both understand the food security problem in the recipient country and clearly identify the food insecure population which U.S. assistance is designed to benefit. This initial analysis--carried out by USAID missions and PVOs--will determine the specific program interventions most likely to succeed.

USAID recognizes there are many ways to promote food security, with appropriate interventions best determined by experienced field managers able to weigh individual country and local community circumstances. USAID's goal--and that of the PVO cooperating sponsors--must be the effective and efficient use of food aid resources. The measure of success in this regard will be the results which programs achieve in terms of sustained improvements in food security.

In general, USAID believes programs designed to enhance agricultural productivity and improve household nutrition have the greatest potential for sustained improvements in food security. This is true in countries where substantial numbers of the poor depend on agriculture for food or income, such as countries in sub-Saharan Africa and South Asia.

Accordingly, USAID will give priority in allocating food aid resources to programs which enhance agricultural productivity and improve household nutrition in the most food insecure countries. These program and country priorities are not intended to prescribe arbitrary solutions to real world problems nor to restrict the flexibility of field managers. Rather, USAID's intention is to provide guidance on what has worked well and what appears to be in the mainstream of current scientific thinking on how most effectively to improve food security over the long run.

Over time, the application of these priorities is expected to concentrate resources more heavily in Africa (particularly Title III resources) and South Asia and that a growing share of total resources will be used for programs to enhance agricultural productivity and improve household nutrition. However, USAID will continue to approve new food aid activities in other regions of the world and in other program areas (particularly for Title II development programs). In such cases, approval will depend on the ability of field managers to demonstrate that resources will have a sustained impact on food security. In short, the key to program approval will be the ability to demonstrate results.

In focusing the use of P.L. 480 resources, care will be taken not to allow short-term food security goals to create disincentives to longer-term self-reliance in food. A program

which focuses on short-term hunger must also address longer-term constraints if USAID is to support sustainable development in food insecure countries. The optimal use of food aid will be where it can have both short and longer term impacts. In many cases, this will involve integration of government-to-government programs such as Title III and PVO programs such as Title II. In most cases, food aid will be programmed in conjunction with other assistance instruments.

To implement this new results-oriented strategy, USAID will shift its oversight focus from inputs and food aid distribution to the results of these integrated programs. PVO partners will have greater control over day-to-day implementation. USAID will focus increasingly on results. Appropriate methods for evaluating these results will be included during the program design phase. The criteria for measurement of successful results must be quantifiable and precise. Detailed implementation guidance for this "Managing for Results" strategy will be developed in consultation with the PVOs.

In allocating funding for both PVO food programs and government-to-government food assistance, priority will be given to programs that enhance agricultural productivity, particularly benefitting small farmers and the poor, and to programs that improve household nutrition for poor families. A broad definition of both these priorities will guide resource allocations. The objective will be to give priority to activities which have significant impact across the entire food system of a recipient country.

The following are illustrative interventions. Priority will be given to these types of activities. However, USAID will always be open to innovative proposals from field missions and PVOs which offer prospects for significant improvements in food security. USAID is committed to giving field managers the flexibility needed to achieve food security results.

Agricultural Productivity programs

Food aid interventions might address: agricultural training, technologies, and practices; agricultural policies, including pricing, marketing, tax and tariff policies; development and funding of private credit institutions; provision and marketing of agricultural inputs; improved on-farm utilization of water resources; marketing and transportation systems which promote the cost-effective movement of food from source to need; food losses associated with ineffective and inefficient harvesting, storage, processing and handling; off-farm microenterprises which improve the marketing of food or agricultural inputs; introduction

of cash crops to improve rural incomes; and pilot farming-systems activities at the grass-roots level.

Household Nutrition programs:

Food aid interventions might address: knowledge and practice of health techniques, including those related to nutrition, child care, and sanitation; education to reform practices that limit consumption of a nutritionally adequate diet by certain groups or family members; provision of potable water and sanitation; fortification of foods with vitamins and minerals; pilot programs to improve local storage and household preparation of food; urban feeding programs for vulnerable groups; and demonstration feeding programs designed to develop social safety nets.

B. Policy Guidance on Emergency Food and the Relief-Recovery-Development Continuum

While "relief" food aid and "development" food aid are often considered and managed as distinct entities, they are, in reality, part of a continuum. Long-term food security efforts constitute the best "preventive strategy" for dealing with acute food needs; conversely, how emergency food needs are met can help influence longer term food security.

The distinction between relief and development is one of degree not kind. "At risk" populations are not just those at immediate risk of starvation, but those who live on the edge of economic viability and who represent potential "emergency" victims. Recurrent famines in the Horn of Africa are not "sudden" events caused only by drought, but a manifestation of many complex factors, including decades of war, failed development and disenfranchisement. USAID and PVO cooperating sponsors should seek to design interventions that address food vulnerability at various stages and via different means.

A new framework is needed to assess need and to program resources across the relief-development continuum. Specifically, relief and development activities should focus on key, mutually reinforcing interventions, including:

- maintaining productive capacity;
- preventing migration;
- reinforcing development efforts; and
- enhancing disaster management capacity.

Relief interventions must be designed and implemented on the basis of the same principles that guide sustainable development: capacity building, participation and sustainability. Decentralization and human capital development should be pursued, to the maximum extent practicable, in the course of relief operations.

Similarly, developmental activities should be undertaken in a manner that decreases the need for relief intervention (i.e., through addressing vulnerability). Development food aid programs, in conjunction with other USAID resources, should help enable vulnerable groups to develop means to cope with future periods of drought and even political conflict. Programs which help the poor protect against or which mitigate the impact of disasters also facilitate economic and social recovery from crisis. There is need to develop additional interventions which serve both disaster mitigation and long term sustainable development. The following are examples of programs which might serve these twin objectives, recognizing that local circumstances differ greatly and adaption to indigenous cultural priorities is critical to success.

- Conservation of natural resources such as watershed management and sustainable harvesting of timber and non-timber products to preserve ecosystem health and biodiversity, and ensure the longevity of these resources.
- Diversification of farming systems to introduce drought-resistant cultivars and practices to enhance soil-moisture retention in order to reduce vulnerability to drought.
- Improved data collection to better identify vulnerable groups in order to permit targeting of food aid during crises. Such surveys can also identify cultural practices and beneficiaries' perceptions which affect the relief-to-development continuum.
- Strengthening local NGOs and their linkages to national institutions to assist with both disaster mitigation and recovery as well as introduction of activities to promote economic growth.

These sorts of programs can increase resilience in the face of natural and man-made disasters and promote rapid return to sustainable development.

VI. FOOD AID MANAGEMENT OBJECTIVES

A. A New Approach to Emergencies

Emergency food relief needs are growing as crises become more complex and longer-lasting. To enhance long-term planning and to meet recurrent emergency needs without draining food aid for development, a mechanism is needed to provide a budgetary "cushion" to meet unforeseen emergency needs. Development of such a mechanism will require collaboration within the Executive Branch and with Congress. New legislation will likely also be necessary. USAID will initiate a dialogue which can lead to this objective.

B. Managing for Results with Title II

The partnership between USAID and the PVOs will focus on improved food security in the neediest developing countries. This partnership can be strengthened through increased sharing of information, including greater access by PVOs to USAID data sources. Better communication and coordination between PVOs and field missions in the development of strategic plans is also needed. USAID and the PVOs must move toward a real "shared responsibility" concept in planning and managing food programs.

Especially in key food-insecure countries, Title II development food aid should be integrated with USAID strategic objectives, while respecting the independence of PVOs. It is essential that USAID and PVO programs work together to achieve maximum effectiveness where the need is greatest.

USAID and PVOs should develop and implement a shared framework for measuring results--as well as inputs--in food aid programs.

USAID must support PVO capacity building to help ensure results are achieved.

USAID must also provide technical expertise and field support to mission and PVO food security programs in the neediest countries.

C. Reshaping Agricultural Research

In chronic food insecure areas, USAID will support a comprehensive approach which offers economically attractive agricultural alternatives for farm families. Specifically, USAID will encourage development of highly adapted "food security" crops. Examples of promising technologies include:

- new, highly productive, drought-resistant maize by the CGIAR wheat/maize center;
- "super cassava" developed by IITA (CGIAR center in humid/subhumid Africa) offering African farmers not

only 200% yield increases but also new business opportunities for processing/marketing their products.

- Systems integrating trees (for fuelwood, forage and fruit), livestock, and crops for environmental sustainability and enhancement of nutrition, as well as economic savings and capital accumulation.

As part of its renewed commitment to participatory development, USAID will adopt a broader and more inclusive vision in approaching food security and agricultural research. USAID will work with national systems (public and private) U.S. centers of excellence (universities, USDA, private sector) and the IARCs. USAID is uniquely positioned to help national systems access and adapt both technologies and policies. Local currencies generated by P.L. 480 Title III could support country-level programs in this effort.

D. Donor Coordination

USAID should play a more active role in donor coordination to improve food security in the neediest developing countries. The U.S. role as a major provider of humanitarian aid, combined with USAID's major field presence, places USAID in a strong position to facilitate donor coordination. An integrated food aid and development strategy--possibly with a regional focus, as in the Horn of Africa--demands significant coordination among donors, host governments, U.S. and local NGOs and PVOs, and the multilateral institutions, including WFP.

VII. PROGRAM AND MANAGEMENT POLICY CONCLUSIONS

1. There is growing difference among countries in terms of their ability to provide food security to their people. As a result, many millions of people, particularly in the poorest countries, have little prospect of escaping a marginal life of hunger and malnutrition. Food aid is a resource which is uniquely suited to addressing this need--in fact current P.L. 480 legislation instructs USAID to give priority to the neediest countries.

Many different ways can be devised to determine which countries are "neediest." There are indices which have been developed by USAID, FAO and others. All have their strengths and weaknesses. It is sensible not to be too rigid in defining need, especially since P.L. 480 itself provides some flexibility in country selection. However, all measures point to basically the same set of countries, most of which are in sub-Saharan Africa, as being most needy. There are also many needy people in South Asia, though the trends there are more encouraging.

Greatest priority in allocating food aid, particularly for Title III programs, should go to countries most in need of food, which will mean for the foreseeable future an increasing share of U.S. food aid will go to sub-Saharan Africa.

Within countries, USAID will continue to give priority to assisting food insecure households. Targeting mechanisms will be developed for community level assessments so that assistance reaches the most vulnerable and provides for sustainable improvements in food security.

2. P.L. 480 provides a flexible definition of food security, and USAID has adopted an equally flexible definition in PD 19. This provides a range of possible interventions within the terms of law and policy, allowing line managers in USAID and the PVOs to adapt specific interventions to country circumstances. Nevertheless, it is also important for USAID, working with the PVOs for the programs they manage, to convey clearly the priorities to be used in allocating resources.

Experience has shown the surest way to achieve improved availability, access and utilization of food is through increases in agricultural productivity and improved nutrition for the poor. Such programs increase incomes and reduce the cost of food in real terms, together with more effective utilization of this food by the poor. USAID will always be prepared to support any program which promises similar results. **Title III resources will be allocated to programs with direct linkages to increased agricultural production and consumption. Title II resources will focus on improving household nutrition, especially in children and mothers, and on alleviating the causes of hunger, especially by increasing agricultural productivity.**

3. Resources available for food security programs are under increasing budgetary pressure. The overall need to reduce the federal deficit will continue for the foreseeable future. In the case of food aid, declining U.S. agricultural surpluses is expected to result in elimination of 416(b) surplus commodities. In the case of FAA resources, competition from other priorities and earmarks will limit funding available for agriculture. (Note that some of these priorities, such as population programs, can also have a significant impact on food security.)

As a practical matter, food aid is a key resource directly available for food security programs. However, there is growing evidence that food, programmed by itself, has uneven impact as a development resource. Food aid is most effective when used in conjunction with other resources in promoting increased agricultural productivity and improved household nutrition. Food will be programmed where it has intrinsic value as food. This also means USAID missions with significant food aid programs will need to ensure that adequate resources are made available to fund

complementary activities needed to assure maximum impact. These resources can come from dollar appropriations, Title III local currency generations or Title II monetization.

USAID will also be expected to maintain appropriate central support for food security programs in terms of research and field support.

Food aid should be integrated to a greater extent with other USAID assistance resources. Greater priority on this integration must be the responsibility of both missions and the PVOs. Proceeds from monetization of food should complement direct feeding programs or should be used to enhance agricultural productivity and improve household nutrition.

4. USAID is committed to bringing food aid programs into a "managing for results" system. This will help ensure the greatest possible impact from scarce food aid resources. It will help ensure that complementary resources necessary for success are identified and allocated. It will help shift the focus of discussion on USAID programs and policies from levels of inputs provided (either dollars or food) to the impact of those resources.

USAID also intends to assist its partners, the PVOs and the World Food Program, move in this direction. As USAID and its partners reach agreement on the objectives and results intended and are confident of the basic soundness of program plans, it should be possible for USAID to leave routine oversight of implementation of food aid programs to these partners. To reach this objective, it will be important for food aid program proposals to demonstrate the same analytical rigor required of dollar funded programs. This will require some "capacity building."

Ultimately the success of food aid programs must be measured by sustainability of results. In large measure, sustainability will depend on the capacity of local institutions.

Greater attention and resources will be allocated to strengthening the program development and management capacity of USAID's food aid partners: Private Voluntary Organizations, the World Food Program, and local non-governmental organizations.

5. The growing number of complex emergencies, which frequently include emergency feeding as a major relief component, have created pressure on food aid development budgets. USAID is committed to the policy position that sustainable development, including food security as a high priority, is essential in the long run to preventing these complex emergencies--or at least mitigating their human impact.

USAID is also committed to responding effectively to emergencies. Reconciling these two positions in the current budgetary environment is very difficult. Certainly more effective coordination and wider burdensharing among donors for emergencies is part of the answer. Better planning for complex emergencies, which can extend for many years, is also important. In addition, the Executive Branch and Congress need to develop new mechanisms to provide necessary food aid to cope with sudden-onset emergencies, of which Rwanda is a recent example. **Greater flexibility needs to be developed so that necessary resources are available to respond to emergencies without draining away food aid planned for development programs.**

6. Food aid provides the largest share of resources allocated to emergencies. In the past it has played an important role in the relief to development continuum. For example, in the 1992 drought in Southern Africa, it was programmed to utilize normal commercial channels as well as targeted feeding programs to reach hungry people in their villages, without resort to refugee camps. Local currency was used to provide necessary inputs to encourage an early return to normal agriculture.

Equally important, food aid development programs often focus at the grass-roots level, helping to build the food security resilience of the poorest families. At this level it is possible to support individual coping strategies for short- and long-term food security. When drought or civil strife comes, families which have prepared are better able to weather the crisis.

Greater priority will be given to the relief to development continuum. Food insecure countries must be prepared to cope with recurring drought and even with political conflict. Equally important, relief programs must ensure families are able to return as quickly as possible to productive lives.