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# **The Uses of Food Aid in Support of IEHA Objectives**

## **Agricultural Policy Development Program**

### **Executive Summary**

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# Executive Summary

This report attempts to identify the best uses of U.S. food aid in supporting IEHA's agricultural development, increased rural incomes, and food security objectives over the next 10-15 years. The U.S. is the largest food aid donor in the world, providing, in most years, more than 50 percent of all food aid commodities, globally.

For nearly 50 years, the U.S. has been willing to share its food bounty with those poverty-stricken in the world facing serious food shortages, chronic malnutrition, famine, and even death. Nowhere is this need greater at the beginning of the 21<sup>st</sup> century than in sub-Saharan Africa where an estimated 337 million of the food insecure poor consume less than the 2100 kcal/day, generally considered the cut-off between adequate and inadequate nutrition.

As a percentage of total U.S. agricultural exports food aid has shrunk from about 20 percent in the 1960s to 3-4 percent in the 1990s and total food aid from all donors has shrunk from 60 percent of all Official Development Assistance (ODA) in 1965 to approximately 4-5 percent in 2000. Both trends reflect growing U.S. food exports and growing ODA. Total food aid levels have not grown anywhere near as much over the past 40 years. Gross tonnages of global food aid during the 1991-2001 period have ranged between 7.2 Million Metric Tons (MMT), the low in 1996, and 16.9 MMT in 1993. In 2001, global food aid is estimated to have been 11.0 MMT. On average, over the past decade, the U.S. has supplied approximately 60 percent of total food aid. For the countries of Eastern and Southern Africa, U.S. food aid used for development assistance by U.S. PVO Cooperating Sponsors and WFP in 2000, the most recent year for which there is published data, amounted to 3.56 MMT valued at \$89.4 million.

The constituent parts of U.S. food are:

- PL480 Title I and Food for Progress managed by the U.S. Department of Agriculture (USDA)
- Section 416b surplus commodities (USDA)
- PL480 Title II managed by USAID
- Title III (USAID)
- Bill Emerson Humanitarian Trust used as a food security reserve pegged at 4 MMT of grain for emergency disbursements (USDA).
- McGovern-Dole International Food For Education and Child Nutrition Program (managing agency not yet determined)
- Farmer-to-Farmer technical assistance (USAID)

The primary objective of U.S. food aid since the passage of the 1990 Farm Bill legislation has been the reduction of food insecurity in the poorest countries of the world and food aid has been largely aimed at either reducing acute food insecurity caused by emergencies and disasters or chronic food insecurity caused by long-term declines in access to adequate food by individuals or households who lack the ability to produce or purchase enough of it. Over the past several years, PL480 Title II, aimed at food insecurity, has gradually become the single largest element of total U.S. food aid. In the most

recent 34 years, Title II resources for emergency assistance have been running at about \$500 million/year and those for development assistance a shade under that.

Food aid has its supporters and detractors. There are a number of claims and counterclaims regarding its utility and effectiveness in promoting development. Brief summaries of the more important of the issues surrounding the provision of food aid are contained in Section II of this report. They include: i) the difficulties inherent in assessing effectiveness, ii) the nature of its “additionality”, iii) problems in targeting it on the right beneficiaries, iv) costs, v) the nature and magnitude of disincentives, and vi) specialized domestic concerns.

The Bush Administration has initiated a thoroughgoing review of the effectiveness of all food aid programs with a view to reducing inefficiencies and assuring that U.S. food assistance gets into the hands of those who need it most. (See annex 4.) The net effect has already been a significant reduction in program food aid and a gradual increase in the proportion of total U.S. food aid comprised of Title II emergency assistance and project assistance operated by Cooperating Sponsors and WFP aimed at food security-oriented development. This trend is likely to continue for at least the next several years.

The options for IEHA’s use of food aid resources to help promote and speed attainment of its agricultural development, food security-promoting, objectives are largely limited to taking advantage of PL480 Title II, at least in the near term. Over the longer term, a case can be developed for reflating a Title III program for Africa and operated as a “counterpart fund” for IEHA activities in those African countries which evince: i) a structural food gap between local production and local consumption requirements (necessitating food imports), ii) an enabling policy environment for agricultural-led economic development, and iii) good prospects for converting IEHA dollar and locally-generated counterpart resources and Cooperating Sponsors food resources into substantially improved household food security for a significant number of the food insecure poor.

The potential contribution of Title II development (and to a lesser extent, emergency) food resources to IEHA’s objectives in Eastern and Southern Africa, if properly concerted with IEHA’s on-the-ground activities, could be significant. The on-going project sites of the Cooperating Sponsors and some of WFP’s agriculture and natural resource management projects offer excellent opportunities for merging food aided activities and IEHA agricultural productivity-enhancing, rural entrepreneurial and farmer association strengthening approaches with progress already made, local community participatory and managerial experience and the ready availability of years of baseline and monitoring data on hundreds of thousands of participating households.

A relationship is proposed between IEHA and the Cooperating Sponsors/WFP wherein the former would ground-test approaches using pre-existing Cooperating Sponsor and WFP project sites and participating communities to determine which agronomic and entrepreneurial approaches seem to work best and why. Out of this experience would come a number of interventions and approaches ready for multiplication/expansion to substantial numbers of additional rural poor households. These would be marketed to major donors (USAID, World Bank, EU) and private investors as proven, highly bankable approaches.

Several types of partnership options are briefly presented enabling this approach to be developed over a span of years.

The paper concludes with a set of annexes which, among other things, contain numerous examples of evaluated Cooperating Sponsor projects in Eastern and Southern Africa, presented to provide IEHA managers a sense of the range of activities already underway focused on increasing agricultural productivity, rural incomes and improved household food security.