

FAO State of Food and Agriculture 2006: Food aid for food security?

This year the United Nations Food and Agriculture Organization (FAO), through its report, The State of Food and Agriculture 2006, examines the issues and controversies surrounding food aid and seeks to find ways to preserve its essential humanitarian role while minimizing the possibility of harmful secondary impacts.

FAO estimates that 854 million people in the world lack sufficient food for an active and healthy life, a number that has hardly changed since the early 1990s. Each year the World Food Programme (WFP) provides emergency food aid to millions of people—73 million in 2005 alone—and the number is rising rapidly with the increasing scale and frequency of natural and human-induced disasters. Emergency food aid now accounts for one half to two-thirds of all food aid, with 39 countries receiving it. The biggest food aid recipient in recent years has been the Democratic Republic of Korea (DPRK), which receives an annual average of 1.1 million tonnes of grain equivalents – amounting to over 20% of the country's total food supply. Ethiopia and Bangladesh come respectively second and third.

"Food aid has rightly been credited with saving millions of lives; indeed, it is often the only thing standing between vulnerable people and death. Yet food aid is sharply criticized as a donor-driven response that creates dependency on the part of recipients and undermines local agricultural producers and traders upon whom sustainable food security depends. The economic evidence regarding these issues is surprisingly thin, but it confirms that the timing and targeting of food aid are central to achieving immediate food security objectives while minimizing the potential for harm. Reforms to the international food aid system are necessary but they should be undertaken carefully because lives are at risk," *SOFA 2006* warns.

Despite the magnitude of the global food security challenge, food aid is relatively small in relation to global production and trade, averaging about 10 million tonnes per year. This amounts to less than 2% of global cereal exports and less than 0.5% of global production. Food aid has changed significantly in recent years. Until about a decade ago, most food aid was provided bilaterally on a government-to-government basis and was sold on the open market in recipient countries. But, currently, about 75% of all food aid is now targeted directly to hungry people through emergency operations or projects addressing chronic hunger.

According to FAO, development specialists have long been concerned with the risk of imported food aid undermining local agricultural development. Food aid can depress and destabilize local market prices if it is not well managed, potentially threatening the livelihoods of local producers and traders upon whom long-term food security depends. Studies show that these destabilizing effects of food aid are most severe when it arrives at the wrong time or when it is not targeted at needy households.

The risk of food aid displacing commercial trade has also been

recognized for a long time. Although food aid can be beneficial to recipient countries, enabling them to save scarce foreign exchange, many commercial exporters consider it to be a form of unfair competition. This has been one of the most contentious issues discussed in the Doha Round of World Trade Organization (WTO) negotiations. Studies find that food aid partially displaces commercial imports by recipient countries. The trade displacement effect of food aid when it is a short-term phenomenon may actually promote commercial trade in the longer term, perhaps by stimulating consumer demand for a wider variety of foods. Food aid that is well targeted to insecure households and needy people can minimize the trade displacement effect, the report suggests.

According to FAO, a policy gap exists between food aid and food security on many levels. Bridging this gap will require: (i) improved food security analysis to ensure that responses are needs-based, strategic and timely; (ii) the incorporation of needs assessment as part of a process linked to monitoring and evaluation, rather than a one-off event driven by resource requirements; and (iii) support to national and regional institutions to make food security a primary policy concern, reinforced by interventions at the global level focused on reforms to the international food aid and humanitarian systems.

The report notes that reforms to the international food aid system are necessary, but they should be undertaken giving due consideration to the needs of those whose lives are at risk. "Much of the debate on food aid is based on surprisingly weak empirical evidence; nevertheless, it is known that the consequences of food aid are closely linked to timing and targeting. A few basic reforms could improve the effectiveness and efficiency of food aid while addressing legitimate concerns regarding the risk of causing adverse consequences."

International food aid currently provides about 10 million tonnes of commodities a year to some 200 million needy people, at an estimated total cost of US\$2 billion. The report acknowledges that there is no substitute for food aid in coping with humanitarian crises and in some cases with chronic hunger. However, food aid should essentially, be seen as one of many options within a broader range of social protection measures to assure the access of needy people to food and to help households manage risks, the report concludes.

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