

THE STATE OF FOOD AND AGRICULTURE

2006

Food aid for food security?

- Sustainable food security: What role for food aid?
- Dependency: Does food aid create perverse incentives?
- Disincentives: Does food aid undermine local agriculture?
- Distortions: Does food aid distort trade?
- Humanitarian emergencies: Why is food aid the default response?
- Bridging the relief–development divide

World and regional overview

Statistical annex and CD-ROM



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Food aid for food security?

The State of Food and Agriculture 2006 examines the issues and debates surrounding food aid and seeks to clarify how food aid can – and cannot – support sustainable improvements in food security.

Food aid has rightly been credited with saving millions of lives. Indeed, food aid is often the only thing standing between starving people and death.

Yet food aid is criticized as a donor-driven response, serving the interests of donors rather than the food security needs of recipients. Indeed, food aid falls when prices are high – just when it is most needed. Food aid is accused of creating “dependency” on the part of recipients, undermining incentives for local agricultural development and distorting international trade.

Emergency food aid and other social safety nets are essential to prevent transitory shocks from driving people into chronic destitution and hunger, but cannot by themselves overcome the underlying social and economic causes of poverty and hunger.

Economic evidence

The empirical evidence shows that food aid does not create dependency because it is too

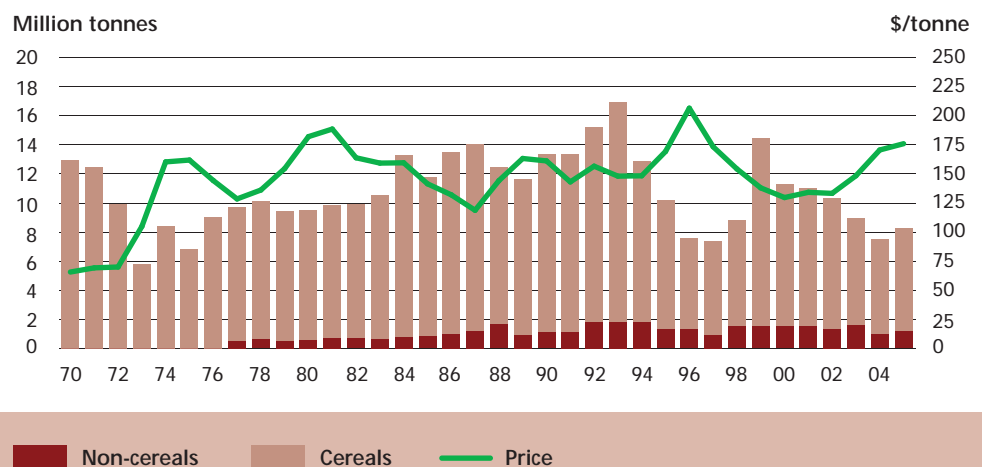
unpredictable and too small for people to rely on. Concerns over dependency should not be used to deprive needy people of required assistance. Indeed, people ought to be able to depend on appropriate social safety nets.

Food aid can depress and destabilize market prices in recipient countries, but there is scant evidence linking these price effects to negative outcomes for local agricultural production and development. Case studies show that food aid is more likely to destabilize local prices and undermine the livelihoods of local producers and traders when it arrives at the wrong time or is poorly targeted.

Food aid displaces commercial imports by recipient countries in the short run, but it may have a stimulating effect in the longer term as incomes grow and consumer tastes diversify. The impacts of food aid on commercial trade vary by programme type and supplier. Well-targeted food aid can minimize the trade displacement effect.

Food security crises are often treated as purely transitory phenomena; the “humanitarian–development divide” inhibits the necessary long-term analysis of the processes (social, political, economic and environmental) that shape food security. These challenges can only be addressed effectively as part of a broader development strategy. Donors should avoid falling into a “relief trap” in which longer-term needs are neglected.

Total food aid shipments and cereal prices, 1970–2005



Making food aid support food security

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.

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.

Desirable reforms include:

- Eliminate untargeted forms of food aid. Food aid that is sold on recipient country markets is more likely to displace commercial imports or distort local markets and production incentives, with long-term negative impacts on food security.
- Separate food aid donations from domestic procurement, processing and shipping requirements. About one-third of global food-aid resources are wasted due to such requirements. Many donors have untied food aid from domestic procurement; others should consider doing so as well.
- Use in-kind commodity food aid only where food insecurity is caused by a shortage of food. Where food is available but vulnerable groups lack access to it, targeted cash assistance or food vouchers will be more effective and will not undermine local markets. Improving the functioning of markets (repairing roads, for example) may be more effective in supporting sustainable food security than direct, food-based interventions.

- Use local and regional food-aid procurement where appropriate, but do not mandate it. Such interventions may support market development, but may also result in inflated food prices paid by poor consumers and create unsustainable market incentives for food producers and traders. This point reinforces the need for careful monitoring of the impact of all food aid interventions.
- Improve food security information systems, emergency needs analysis and aid impact monitoring to ensure that appropriate and timely interventions are made and that negative consequences are minimized.

World and regional review: facts and figures

The State of Food and Agriculture 2006 contains an overview of the current global agricultural situation, including the latest figures on undernourishment, food emergencies, agricultural production, commodity prices, international trade and other indicators. Summary data for the fisheries and forestry sectors are also provided.

Statistical annex and CD-ROM

A statistical annex and CD-ROM provide country-level data for a range of key agricultural indicators.

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The State of Food and Agriculture 2006 examines the issues and controversies surrounding international food aid and seeks to find ways to preserve its essential humanitarian role while minimizing the possibility of harmful secondary impacts. 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.

FURTHER INFORMATION

The State of Food and Agriculture is published by the Agricultural and Development Economics Division (ESA) on behalf of the Food and Agriculture Organization of the United Nations. This report, ESA Working Papers and other publications of the Division are available electronically at www.fao.org/es/esa.

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