

AN ACCORD AGAINST HUNGER CRISES

REFORM OF THE FOOD AID CONVENTION IS URGENTLY NEEDED

No. 18 / February 2011

Overview

In a process that has gone practically unnoticed by the public, the Food Aid Convention is currently being renegotiated. Forged more than 40 years ago between 23 donor countries with the aim of using grain surpluses to combat famine in developing countries, the Convention has become so anachronistic today, despite periodic efforts at reform, that some member states are actually recommending it be abolished.

But such a move would send a negative signal at a time when annual world hunger summits occur and the donor community promises billions to fight hunger. Today, the questions are how daring can reform be, and is it ultimately possible to turn the Convention into an instrument that fulfils its purpose: providing effective assistance oriented towards meeting the needs of the hungry – assistance that bridges the gap between short-term emergency assistance and long-term food security measures. One central issue is the question of what kind of commitment donors will make in the future if the Convention wishes to live up to its mandate to provide reliable aid during crises. Because as we speak, vastly fluctuating and generally rising food prices mean that less money is available to feed people in crisis, and food rations are reduced.

Intended as a tool for effective help in a crisis...

When people have no access to food, whether due to political conflicts, bad governance, war or natural catastrophe, they rely on external help. Their own government is the first address. But if their government is no longer able to secure access to food, help is needed from the international community. The *Food Aid Convention, FAC*, is fundamental to international food aid.

The Convention is intended to improve the ability of the international community to react to food crises. Its purpose is the provision of reliable amounts of food aid to developing countries in crisis situations, independent of fluctuations in global food prices and food supply.

Germany has agreed to provide 56.24 million euro in food aid annually, within the framework of the Convention. Pledges of assistance are implemented to some extent by multi-lateral organizations, and to some extent by non-governmental organizations.

It is true that commitments made by the 23 donor countries are only one component of the support needed during a crisis. There are additional instruments of bi- and multi-lateral

emergency assistance. However, the Food Aid Convention is the only legally binding international treaty committed to assistance for developing countries.

... but suffused with the spirit of surplus utilization

But the Convention has come in for criticism. True, it has been reworked from time to time since it was concluded in 1967. Increasingly, humanitarian and development policy considerations have been integrated into the agreement: While the focus used to be more on delivery of grains, now foods like rice, pulses, edible oil, sugar and milk powder, as well as fertilizer and seeds are eligible under the Food Aid Convention. In addition, the Convention increasingly backs the growing preference of donors – particularly in the EU – for purchases in local and regional markets.

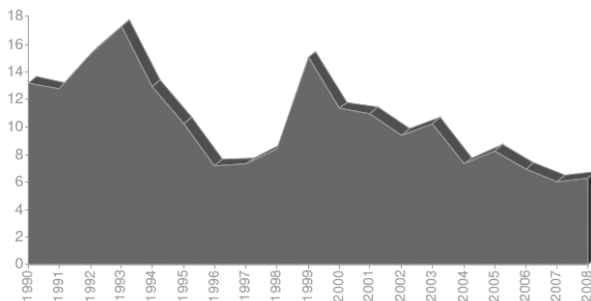
But even with the most recent reform in 1999, the Convention has not managed to extricate itself from its origins as an instrument for sensible use of grain surpluses in developed countries: In a less than transparent process, contributions of donor countries are converted into “wheat equivalent tons”; the reporting requirements of the members states are oriented toward the harvest calendar instead of toward the fiscal year; and the administration

of the Convention is located in the London-based International Grains Council – far from the other multilateral institutions that deal with issues related to global food security.

The greater the hunger, the smaller the food aid deliveries

In recent years, a country suffered no consequences for failing to meet its commitments; a promised contribution could even be postponed to the following year. The Convention mechanism thus proved unfit to respond to crises: Whenever grain prices rose and grain supply dropped on the world market, there was less grain available for food aid.

Graphic: Worldwide food aid deliveries, in tons, 1990-2008



Source: WFP /INTERFAIS

In 2007, when food prices shot upwards globally, triggering the first hunger revolts, food aid deliveries dropped to their lowest level since 1961 – the year in which the agreement was concluded. The second lowest level was recorded in 1973 – a year in which there was another worldwide hunger crisis.

Promotion of the domestic market rather than an orientation toward demand

But the most important point of criticism is that the Convention serves the agricultural policy of the donor country and is not primarily oriented toward the needs of those most severely impacted by hunger and poverty: The agreement permits donor countries to tap their domestic agricultural sector and their own transport industry. Only a limited list of food items is eligible as food aid in the terms of the Convention. This creates an incentive for member states to favour exactly those measures to fulfil their duty vis-à-vis the Convention, of all the possible means of intervention – even if another measure would be more appropriate (“*instrument-driven*” instead of “*needs-driven*”).

Particularly in the USA – whose annual commitment of about four million tons of food

aid makes it the most important donor worldwide – there are strong forces that support out-dated and sometimes harmful practices: A Cornell University study from July 2010 shows how an exceptionally effective network of lobbyists from the agro-industry, shipping companies and some NGOs (“*iron triangle*”) thwarts the modernization of food aid. American agro-firms profit from the fact that food is purchased in the USA for aid deliveries (“*tied aid*”); the shipping sector benefits from a policy that requires that at least 75 percent of food aid be transported in private ships registered in the USA (*Agricultural Cargo Preference*); and some American non-governmental organizations still generate a significant portion of their project funds from the so-called “monetization” of food aid: Goods declared to be “*food aid*” are sold in the markets of recipient countries, with the proceeds financing development projects.

The result: much food aid funding actually pours into companies in the USA; shipments arrive too late in crisis regions; and in the recipient countries, the sale of large amounts of imported, subsidized food destroys local markets and renders local producers unable to compete. The consequence is more hunger, not less.

The framework provided by the Convention does not comply with the right to food

With the Voluntary Guidelines on the human right to food, the international community already committed itself in 2004 to minimum standards for food aid and emergency and disaster preparedness (Guidelines 15, 16): Food aid and other measures to support food security should not weaken local food production and markets; rather, these measures should support food security, respect local food customs and be carried out in the most appropriate form. The human rights-based approach emphasizes the need for a clear exit strategy for food aid. It proposes that measures should be oriented toward development and at the same time points to the importance of humanitarian principles (Guideline 15.4).

The practice of food aid outpaces the Convention

Whereas the Convention has not yet been adapted to these standards, by now the practice of many donor countries, international organizations and non-governmental organizations has expanded beyond its scope: In crisis situations, the importance of *in-kind* food aid diminishes in comparison to other

measures of food assistance. Other instruments are used alternatively or in addition to food aid. In Welthungerhilfe projects, too, food distributions or the distribution of money or vouchers for the purchase of food are only one component in a larger “tool box” of humanitarian and development measures. Even during the emergency assistance phase, the foundation is prepared for greater emphasis on self-help, and dependency is avoided (so-called LRRD approach: *Linking Relief, Rehabilitation and Development*).

The shift from in-kind food aid to a more comprehensive support is reflected in donors’ strategies: Based on the strategic plan 2008, the World Food Programme (WFP) carried out a “Revolution of *Food Aid to Food Assistance*”. In March 2010 the European Commission published a new Communication on *humanitarian food assistance*. However, there is by no means a universally accepted definition of “*food assistance*” on an international level, and measures that the WFP takes are much more limited than those that the EU defines.

In recent years, there even have been signs of change on the other side of the Atlantic, pointing to a gradual modernization of food aid practice: In 2008, the US Farm Bill provided funds for local and regional procurement of food for the first time. In 2007, the non-governmental organization CARE USA turned down \$45 million in food aid from the American government and noted that the monetization of food aid led to more hunger.

Fewer resources, greater need

During the decades of surplus production on the world grain market, the commitment of donor countries to provide an average of eight to twelve million tons of food aid per year apparently had little importance. But current trends in worldwide agro-production and agro-markets already are having a major impact on the availability of surpluses and are reflected in the practice of food aid: population growth, climate change and increased competition over areas under cultivation for agricultural raw materials means that production increasingly fails to match demand, and even small shocks (like crop failures in an export region) trigger significant price fluctuations.

In February 2011 the food price index of the Food and Agriculture Organization of the United Nations (FAO) broke a new record. Almost simultaneously, aid organizations have begun to warn that the price increase will make

it impossible to provide sufficient aid to refugees: In Thailand, for example, food rations for more than 139,000 Burmese refugees will have to be reduced by up to 20 percent (IRIN report from 24 January 2011).

As resources shrink, the need for emergency help rises: With the increase in extreme weather events, the number of humanitarian crises goes up. At the same time, continuing population growth leads to more people settling in high-risk areas, so that if a crisis occurs, more people are affected by it.

Given the context of scarcer resources worldwide, a binding commitment by donors to make relief supplies available on a significant scale will become ever more important.

The long road to reform

Since 2001, a renegotiation of the Food Aid Convention has been under way. But diverging interests among donor countries – especially evident in agricultural negotiations under the Doha Development Round of the World Trade Organisation (WTO) – have blocked reform for a long time. Not until December 2010 did the member states decide to officially introduce the renegotiation of the Convention. There is an ambitious goal of concluding negotiations by the end of June 2011, which is when the extension of the current agreement expires.

Negotiations without the parties involved

Will the new Convention succeed in orienting the emergency aid measures of all donors towards “*best practices*”, actually turning the agreement into a more effective, needs-based framework for aid in food crises?

Since the introduction of official negotiations, the answer to this question has been elusive because the reform is largely taking place behind closed doors. During recent years, a network of North American and European non-governmental organizations – the Trans-Atlantic Food Assistance Dialogue (TAFAD), to which Welthungerhilfe also belongs – has accompanied and commented on the reform discussions. But now the member states have decided to discuss only the final, approved draft with the public.

The Food Aid Convention does not guarantee recipient countries, international organizations or civil society the rights to information or participation. The German Federal Government and ECHO (as negotiators for the European member states) should strive for greater transparency in negotiations and in implementing

the Convention. For only an open discussion about deficits in implementation will permit a truly needs-based orientation.

Mini-reform or redesign into an effective tool for needs-based aid?

Until the official launch of reforms, the question remained open as to how the opportunity of renegotiations will actually be used. Convention member states must demonstrate a real commitment to reform in three specific realms, if the new Convention is to deliver an effective means of coping with hunger crises:

For sure, the new Convention will permit the use of instruments beyond in-kind food aid. But it is not clear to what extent the “**tool box**” of the future *Food Assistance Convention* will be enlarged. It is very likely that means enabling people to acquire food locally – vouchers and cash – will be included. But this would be too brief as well, and not appropriate to tackle actual demands in varying contexts. Often, only alternative or additional, accompanying measures can discourage the development of dependency and reduce vulnerability to future food crises. The broader definition of food assistance in the Communication from the European Commission or even the catalogue of short-term measures in the Comprehensive Framework for Action of the High-Level Task Force on the Global Food Security Crisis (CFA of the UN HLTF) may set a trend here.

A sticking point is the **commitment structure** of the new Convention. It is true that the complicated and not very transparent conversion of donor contributions into “wheat equivalent tons” is out-dated. European member states in particular want donors to list their contributions in financial volume (“*in cash*”) from now on. But in periods of greatly fluctuating and generally climbing food prices, this poses a great danger: For example, in February 2011 the same amount of money purchased a third less grain on the world market than in June 2010. The result of the donor’s *in cash*-commitment is that there is not enough assistance available in times of need: Just as prices rise and more people are unable to afford food, less help is available.

Thus the new Convention should require donors to commit to satisfy a quantifiable minimum of food assistance needs.

So far, the Food Aid Convention is an isolated treaty, even if some member states embed their contributions to the Convention in other financial titles (Germany, for example, embeds

in, among others, the title for Development-Oriented Emergency and Transitional Aid, ENÜH). The renegotiation of the Convention must take into consideration **integration with other structures of global food security**. Because only in this way can the agreement effectively fulfil its role as one tool in the fight against worldwide hunger. And in that context, the location of the Convention at the International Grains Council in London should be reconsidered.

But even more significant than the physical location is the fact that the Convention is under the umbrella of emerging global food security architecture – linked to international coordination mechanisms such as the *Global Food Security Cluster* and to knowledge sharing and policy setting bodies within the realm of food security (*Committee on World Food Security*).

One step in this direction can be in the strengthening of the committee that oversees the implementation of the Convention and that so far only includes representatives of Convention member states (*Food Aid Convention Committee*). This committee should increasingly become an address where politicians and practitioners can debate issues, where knowledge is generated and *best practices* are exchanged. But this change is only possible if member states report – in a more qualified manner than before – what their contributions to the Convention have actually achieved, and then discuss this with the public with greater transparency.

Such a Convention, with a new qualitative position and an orientation to the principle of the right to food, could actually deliver an effective contribution toward achieving food security in crises. Some countries that have been providing food aid outside the Convention have shown an interest in joining. If they, too, could be brought under the umbrella of a reformed Convention, *best practices* could continue to multiply.

Author

Constanze von Oppeln
 Food Security Policy Advisor
 Deutsche Welthungerhilfe e.V.
 Friedrich-Ebert-Straße 1
 D-53173 Bonn
 Constanze.vonoppeln@welthungerhilfe.de
 Tel: +49-228-2288-431
 Fax: +49-228-2288-188