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A Pilot Program for U.S. Food Aid

The sharp rise in food and fuel prices since 2006 has added to existing concerns about food security in developing countries. According to ERS research, the number of food insecure people (those consuming below the United Nations (UN) Food and Agriculture Organization's recommended level of 2,100 calories per person per day) increased from an estimated 849 million in 2006 to near 1 billion in 2007 across 70 low-income developing countries. This change was largely attributed to higher prices, which reduced the capacity of these countries to import food.

At the same time that more people seem to be vulnerable to food insecurity, the level of global food aid donations has declined. Food aid has long been the major international food safety net provided to low-income countries to augment or stabilize consumption. Most donor countries allocate a specific budget to food aid. Therefore, when commodity prices rise, the quantity of food aid provided falls. Based on statistics from the UN's World Food Program, food aid deliveries have fallen from more than 11 million tons in 2000 to under 6 million tons in 2007. In fact, that 2007 level was the lowest since 1961.

The U.S. is the world's largest supplier of food aid, with a 55-percent share of global donations since 2000. The operating budget for the U.S. food aid program for fiscal year 2008 was approximately \$2.5 billion. The U.S. is the only major donor that provides most of its food aid in the form of commodities rather than cash. Arguments against commodity donations cite the costs and time required to transport food over long distances. Given the tremendous rise in fuel prices, the costs associated with shipping food aid from the U.S. to recipient countries have risen dramatically. Freight costs now consume about half of the U.S. food aid budget. As a result, the amount of food that can be provided, given a set budget, is much smaller than it was a few years ago when fuel prices were lower. In addition, it is estimated that once a country makes a request for food aid, it takes anywhere from 3 to 5 months for a U.S. shipment to reach the recipient.



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Under a pilot program for food aid in the 2008 Farm Act, the U.S. has made a commitment to provide cash of \$60 million over 4 years to be used for local food purchases in recipient countries. This approach reduces transportation costs, allows for more timely delivery of the food to the vulnerable populations, and supports local farmers by raising demand, and thereby prices, for their output. It also has the potential to encourage future investment in local agriculture and infrastructure. **W**

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This finding is drawn from . . .

Food Security Assessment, 2007, by Stacey Rosen, Shahla Shapouri, Kathryn Quanbeck, and Birgit Meade, GFA-19, USDA, Economic Research Service, July 2008, available at: www.ers.usda.gov/publications/gfa19/