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Governance of International Food Assistance

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Selected Paper prepared for presentation at the International Agricultural Trade Research Consortium's (IATRC's) 2015 Annual Meeting: Trade and Societal Well-Being, December 13-15, 2015, Clearwater Beach, FL.

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Governance of International Food Assistance

International Agricultural Trade Research Consortium
Annual Meeting
Clearwater Beach, FL
December 15, 2015

1. Terminology
2. The Changing Landscape
3. Governance Structures
4. Governance in the New Landscape

Takeaway messages

1. Food assistance landscape has changed (but we don't know how much)
2. Existing structures don't really govern
3. Perhaps they shouldn't

1. Terminology

1. Categories

- Emergency
- Programme
- Project

2. Procurement

- Direct transfer
 - Local procurement
 - Triangular procurement
- } Cash-based aid

3. Delivery

- In kind
- Cash transfers
- Vouchers

4. Disbursement

- Bilateral
- Multilateral
- Twinning

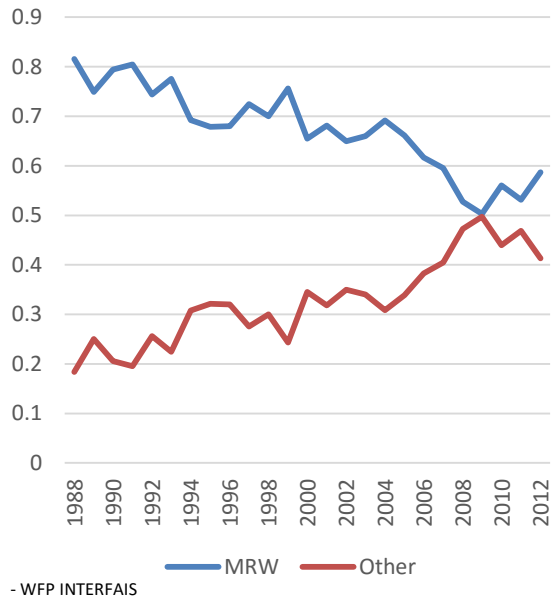
2. The Changing Landscape

Food aid then...



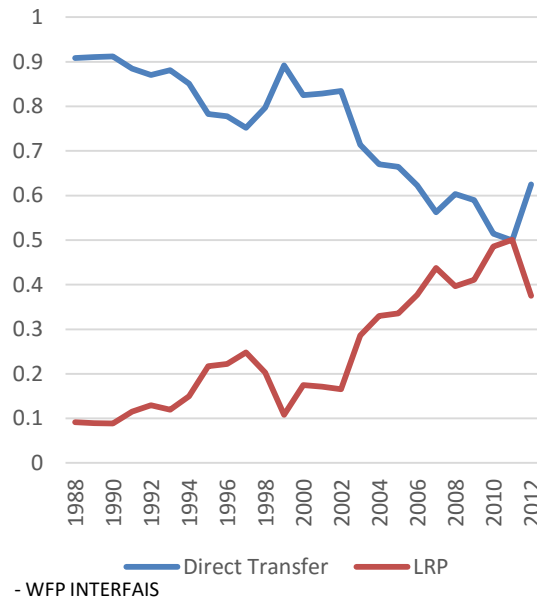
Maize, rice & wheat

Commodity Composition (share)



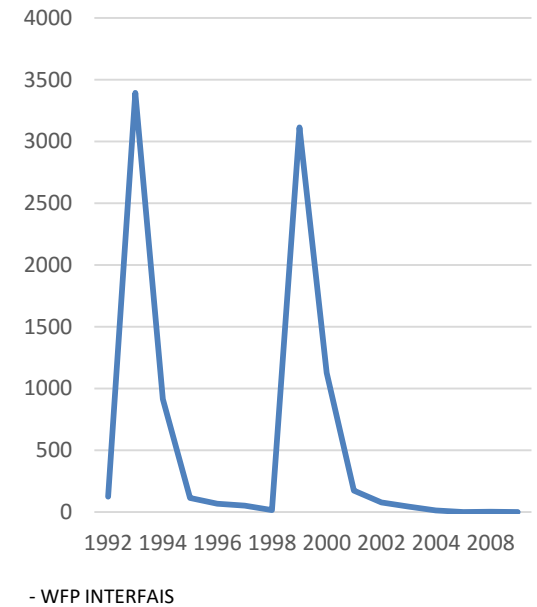
Direct transfer (~ tied)

Delivery Mode (share)



Political

US to Russia ('000 mt)



2. The Changing Landscape

Food aid policies were:

1. self serving
2. naïve

A lot has changed:

- understanding of food insecurity and entitlements (Sen)
- reformed agricultural policies in donor countries (loan rate, CWB, CAP)
- costs (time and money) of direct transfer aid
- nutrition (micronutrients, first 1000 days)
- disincentive effects

2. The Changing Landscape

Food assistance now...



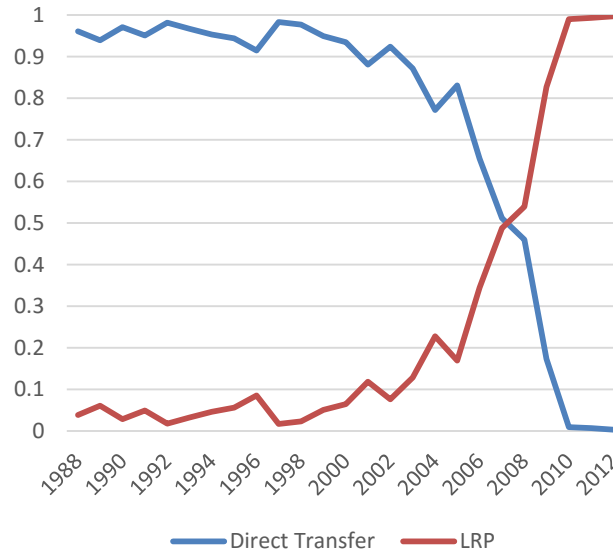
Diversified rations



- WFP

Cash based (untied)

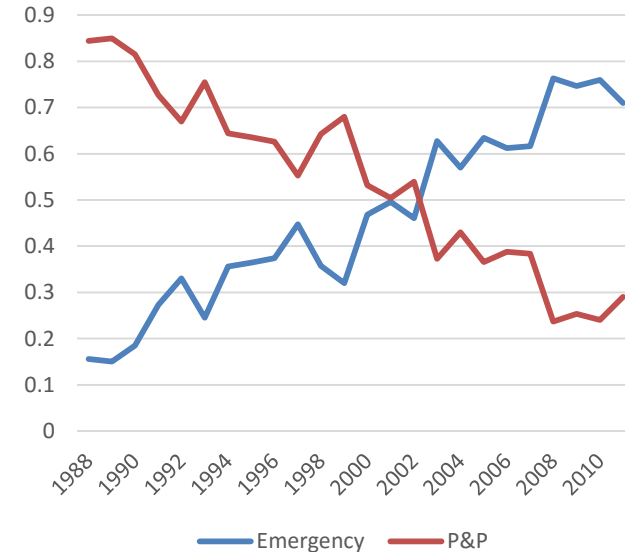
Canada (share)



- WFP INTERFAIS

Responsive to need

Category (share)



- WFP INTERFAIS

2. The Changing Landscape

Data

We have fewer, lower-quality data on how much food aid is being delivered/received:

1. WFP INTERFAIS
2. Cash and vouchers
3. Food Assistance Convention commitment structure and reporting

3. Governance Structures

1. FAO's Consultative Sub-Committee on Surplus Disposal (CSSD), 1954

- UMRs, reporting

2. WTO

a) URAA, 1995

- Article 10 guidelines (untied, grant form), not subject to DSU
- CSSD
- Marrakesh Decision

b) Doha Development Agenda, 2043?

- i. grant form, untied, detached from market-development objectives
 - ii. "Safe box" – declaration of emergency, needs assessment, no monetisation
 - iii. no monetisation
- transparency – Annual Export Competition Reviews
 - exempt food aid from export restrictions

 - Brazil/EU proposal to allow a share of aid to be monetised
 - US counterproposal to eliminate safe box and allow monetisation

3. Governance Structures

3. Food Aid/Assistance Convention

1967 - 2010

- Food **Aid** Convention
- Kennedy Round
- International Grains Council
- annual quantity commitments in wheat equivalent
 - donor price risk
- private, not binding

1999 FAC Commitments

	<u>Tonnes (wheat equiv.)</u>
Argentina	35,000
Australia	250,000
Canada	420,000
European Comm.	1,320,000
Japan	300,000
Norway	30,000
Switzerland	40,000
US	2,500,000

2002 - 2010

- DDA negotiations

2010 - 2012

- changing modalities (cash)
- desire for predictable food aid budgets

3. Governance Structures

3. Food Aid/Assistance Convention

2012 - present

- Food **Assistance** Convention
- eligible activities (*e.g.* cash, vouchers, inputs)
- value commitments
 - recipient price risk
- less food at prevailing prices?
- “a face saving formula for allowing signatory donors to do what they would do anyway.” (Clay, 2012)

2012 FAC Commitments

	<u>Value</u>
Australia	A\$80m
Austria	€1.495m
Canada	C\$250m
Denmark	DKK185m
European Union	€350m
Finland	€6m
Japan	¥10bn
Luxembourg	€4m
Russia	US\$15m
Slovenia	€ 30,000
Spain	€ 500,000
Sweden	SEK200m
Switzerland	CHF34m
US	US\$1.8b

4. Overlap between WTO and FAC

“Nothing in this Convention shall derogate from any existing or future WTO obligations...In case of conflict between such obligations and this Convention, the former shall prevail. Nothing in this Convention will prejudice the positions that a Party may adopt in any negotiations in the WTO.”

- Article 3, 2012 FAC

5. Other Forums

- OECD, WFP, FAO's CFS, IFAD

4. Governance in the New Landscape

Food assistance isn't really *governed*

CSSD defunct

WTO

- DDA negotiated in different milieu
- commercial displacement less relevant
 - grant form, cash-based transfers, less monetisation, variation in commodity composition

Food Assistance Convention

- no enforcement, private information, self-confirming

Should food assistance be governed?

- Evolved – now a better tool for addressing food insecurity
 - less relevant for commercial displacement
- more closely resembles ODA (not governed) than export competition
 - oversight, monitoring, best practices
 - OECD's DAC (DAC+)?
- no minimum commitments, P risk on recipients

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