Governance of International Food Assistance

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Outline

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

3. Delivery
   • In kind
   • Cash transfers
   • Vouchers

4. Disbursement
   • Bilateral
   • Multilateral
   • Twinning

Cash-based aid
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

Cash based (untied)

Responsive to need
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

2002 - 2010

- DDA negotiations

2010 - 2012

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

### 1999 FAC Commitments

<table>
<thead>
<tr>
<th>Country</th>
<th>Tonnes (wheat equiv.)</th>
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<tbody>
<tr>
<td>Argentina</td>
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<td>Canada</td>
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<tr>
<td>US</td>
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</table>
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)

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

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<table>
<thead>
<tr>
<th>2012 FAC Commitments</th>
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<td>Australia</td>
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<td>US</td>
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</table>
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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