



Food Aid Needs

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Issue. Many poor countries are not financially able to import food when facing production shortfalls. The United States has shown a clear interest in providing food aid. But, current budget constraints and declining commodity surpluses raise the issue of how best to distribute available food aid and reduce poverty and hunger in low-income countries.

Context. Food aid was first provided to low-income countries in the 1950's when the United States faced pressure to dispose of accumulating grain surpluses. Food aid became a desirable policy choice for producers and exporters because stockpiled commodities had depressed markets, reducing prices and eroding the value of stored commodities. Surpluses have since been reduced, and most food commodities are no longer treated as if they were free goods for relieving hunger. But, the exporting countries continue to supply food aid, even when commodities are not in surplus.

The United States, the European Community (EC), Canada, Japan, and Australia are the major food aid donors, contributing nearly 12.5 million tons of cereal food aid in 1992/93 (July/June) (see table). The United States is the largest contributor, providing 57 percent of cereal aid in 1991/92, followed by the EC with 25 percent and Canada with 8 percent. The U.S. food aid program is a combination of grants and concessional sales. The EC and Canada provide all their food aid as grants. Food aid provided through multinational channels, such as the World Food Program (WFP), rose from 14 percent of the total in 1970 to 25 percent in 1990. Food aid has saved many lives during emergencies that result from production shortfalls and conflicts. The average annual volume of 12 million tons is less than half of the projected amount needed to meet minimum nutritional standards and about two-thirds of that required to maintain normal food consumption (see figure).

The major food aid donors are high-income food exporting countries, with limited participation by others. Food aid donors cite humanitarian relief as their basic distribution criteria, yet economic and political factors weigh heavily in allocation decisions. In some cases, food is given to needy people or to support development projects in countries with adequate supplies, while food shortages persist in the neediest countries. The commodity mix usually reflects the export profile of the donor and tends to vary with yearly fluctuations in availability. Aid allocations are often linked to historical ties between individual donors and recipients. As a consequence, the patterns of supply and distribution are suboptimal if measured only by a food needs criterion.

At Stake. Millions of people are hungry in a world that can produce enough food, but where budgets, surpluses, and political will are inadequate to meet the need. About 20 percent of the developing world's population suffer from food shortages. In Sub-Saharan Africa per capita food availability has declined, leaving many people vulnerable. While the number of people suffering from undernutrition in the developing world declined by 20 percent between 1970 and 1990, the number of undernourished Africans increased by 70 percent, from 100 million to 170 million. However, most undernourished people are in the Asia and Pacific region, numbering 528 million in 1990.

Alternatives. U.S. policy alternatives include relying primarily on bilateral agreements between the United States and the recipient country, or increasing food aid distributions through international institutions such as the WFP. Bilateral programs permit donors to include political and economic

objectives—longstanding aims of U.S. food aid legislation—as well as needs criteria in food aid allocations. They also generate support for food aid budgets from interest groups in donor countries. The growing role of international donors has reduced the role of politics in distribution by using needs criteria as a basis for food aid allocations. Multilateral mechanisms can encourage longer term commitments and include all developed countries, both food exporters and importers. Countries without food surpluses can be encouraged to donate cash that can be used to provide a more balanced commodity mix and reduce the dependence on surpluses available from the current donors. Multilateral food aid is distributed on a grant basis and therefore will not increase the debt burden of developing countries. Coordination through multilateral organizations has the potential to improve standardization and evaluation of efforts, reduce duplication, and cut administrative costs.

Volume of cereal food aid contributions

The United States is by far the largest food aid donor.

Country/region	1988/89	1989/90	1990/91	1991/92	1992/93
<i>Million tons</i>					
Australia	0.4	0.3	0.3	0.3	0.3
Canada	1.2	1.0	1.1	1.0	1.0
European Community	2.2	3.3	2.6	3.1	3.3
Japan	.4	.4	.5	.3	.4
United States	5.3	6.0	6.9	7.0	7.5
Others	.8	.3	.5	.5	.5
Total	10.2	11.3	12.0	12.4	12.9

Note: July/June years. 1992/93 is estimated.

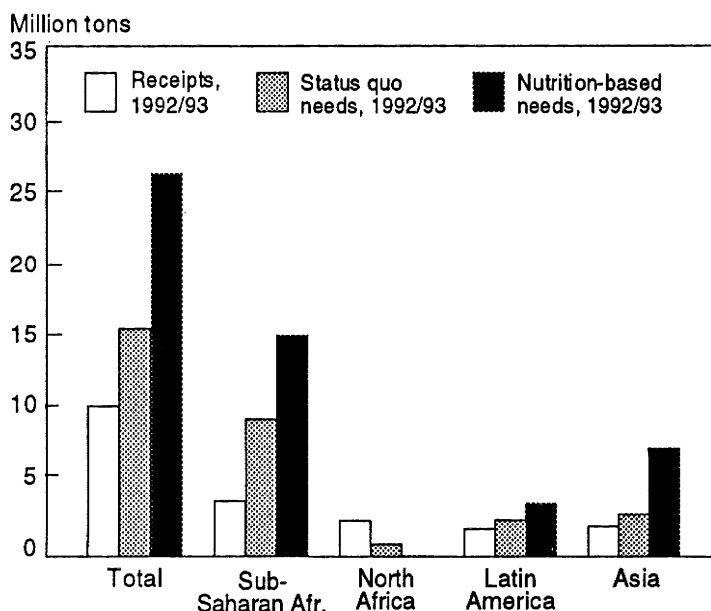
Sources: Food and Agriculture Organization of the United Nations and Economic Research Service.

Agenda. U.S. food aid budgets are proposed by the Executive Branch and approved by the Congress. The United States and other developed countries support long-term economic growth in low-income countries to stimulate trade and expand overseas markets for developed countries' products. Food aid is expected to continue to play a crucial role in alleviating shortages associated with emergencies and providing financial support for low-income countries. The level of support for U.S. food aid, however, will likely be tempered by the budget deficit and availability of surplus commodities.

Information Source. U.S. Dept. of Agriculture, Economic Research Service, *Global Food Assessment Situation and Outlook Report, GFA-3, Nov. 1992* (annual).

Food aid received 1991/92 and food aid needs 1992/93

Needs outstrip food received, except in North Africa.



Note: 1991/92 data are actual food aid received by 60 developing countries. 1992/93 data are estimated needs based on historical consumption patterns (status quo) and on a minimum caloric requirement (nutrition-based).