

Linking Research and Action

STRENGTHENING FOOD ASSISTANCE AND FOOD POLICY RESEARCH

Redefining the Role of Food Aid

The principal objective of food aid, besides responding to needs created by conflict, and other disasters, should be to provide an insurance function for those events for which existing insurance mechanisms function poorly.

Food aid flows are approximately two-thirds lower than they were 30 years ago. Does this matter? To address this question, this study examines current trends in food-aid allocations and the factors that affect their allocations across developing countries. It then examines recent thinking on the causes of poverty and hunger. This review highlights the importance of vulnerability as a defining characteristic of poverty, the high costs that uninsured shocks have on well-being, and thus the important role both emergency and development food aid can play in reducing vulnerability to starvation and hunger.

Current debates and trends in the delivery of food aid

Debates over the future of food aid are currently focused on the renewal of the Food Aid Convention and the current round of global agricultural trade negotiations. Within the Doha round, the debate is revolving around whether to treat food aid now delivered as a credit as an export subsidy. Recently, there has been agreement to subject food aid to World Trade Organization disciplines aimed at preventing “commercial displacement through food aid opera-

tions.” While the specifics have not been negotiated, this could lead to further reductions in programme food aid and as well as overall volumes.

Insights from IFPRI Research

Such reductions come against a backdrop where, in per capita terms, total food-aid levels are now about two-thirds lower than they were 30 years ago. Do these reduced supplies of all food aid flow to those most in need? To answer this question, the study examined all countries that received food aid (from the World Food Programme and all other sources) at least once during 1990–2000 and divided them into two groups: low-income countries, and low-middle income and upper-middle income countries, and calculated per capita food-aid receipts.

By 2000, the share of food aid per capita going to the poorest countries increased from 53 to 66 percent (excluding China and India). Furthermore, this was an increased share of a diminishing total. If targeting had improved over this period, one would expect to see food aid per capita increasing for the poorest countries and declining for less poor countries. This was not the case. Further, the study presents evidence that while the amount of food aid per person affected by conflict rises slightly over this period, it fell for persons affected by natural disasters. This may be due to many reasons—one being that in conflict, often people are in camps and get full rations; in many natural disasters there is an assumption that they can ensure at least some of their own food needs so the ration levels are less. Also with natural disasters, general distribution lasts a shorter amount of time than in wars.

To further evaluate the relationship among food aid, country income levels, shocks, and trends in food-aid shipments, the research undertook a multivariate regression on these data. Across all recipient countries, a 10 percent increase in per capita incomes was associated with an 8.7 percent reduction in food aid. A 10 percent increase in the number of persons affected by conflict increased food aid shipments by 1.8 percent.

However, there are important differences between the determinants of food-aid flows to Sub-Saharan Africa and elsewhere. In Sub-Saharan Africa, conflicts and disasters induce much greater inflows of food aid than they do elsewhere. A 10 percent increase in the number of persons affected by conflict increased food aid shipments by 2.4 percent in Africa and 1.5 percent elsewhere. A 10 percent increase in the number of persons affected by natural disasters increased food aid shipments by 2.2 percent in Africa and only 0.5 percent elsewhere. In Sub-Saharan Africa, food aid flows are unaffected by changes in per capita GDP. By contrast, in low-income countries outside Sub-Saharan Africa, a 10 percent increase in country income reduces food aid flows by 15 percent. However, in middle-income countries outside Sub-Saharan Africa, food aid flows do not fall as country income levels rise, providing further evidence that at the national level, targeting of food aid is imperfect.

Poverty and vulnerability

Do these reductions in food aid flows adversely affect efforts to reduce poverty and hunger? This study argues that recent work on the causes of poverty suggests that they may indeed have an

adverse effect. Specifically, it stresses the importance of thinking about poverty, not as a static concept—at a given point in time, does a person’s consumption exceed some minimum standard—but rather intertemporally, the likelihood that at a given time in the future, an individual will have a level of welfare below some norm or benchmark. This likelihood is referred to as vulnerability. One example that motivates this shift in thinking is the observation that during drought, poor households will choose to continue to hold assets even if it means markedly limiting food consumption. Even though the household is not “poor” in the sense that it *could* afford to purchase food by selling assets, it does not do so because such an action would come at the cost of lower consumption in the future.

Vulnerability incorporates “settings,” “assets,” and “activities.” *Settings* describe the environment in which a household resides. *Assets* produce or store income. The allocation of assets to income-generating *activities* is conditioned by the settings in which households find themselves. The income generated by these allocations determines consumption and other dimensions of well-being. In choosing which assets to hold and accumulate, and in allocating these assets across activities, households weigh the likelihood of shocks occurring. A growing body of evidence suggests that such ex ante risk-management actions may come at high cost in terms of foregone household consumption. In rural India, it is estimated that households forego up to 25 percent of annual income in order to reduce exposure to shocks. In Ethiopia and Tanzania, the absence of liquid assets and insurance mechanisms prevents poor households from entering into higher return activities.

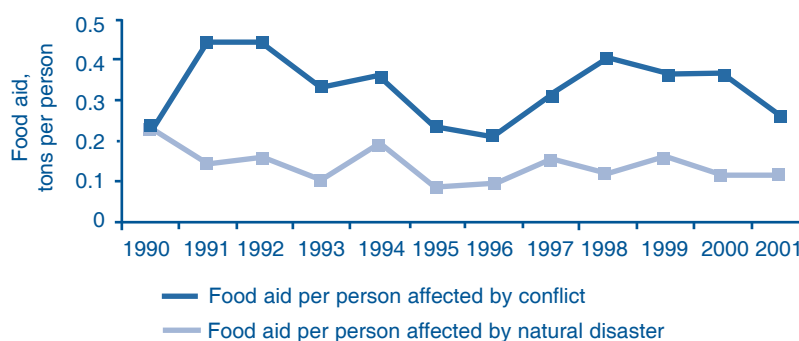
Household income—and by extension, consumption and poverty—is not solely determined by the product of

assets and the return on assets. It is also affected by shocks—events that reduce the stock of assets or the returns to assets, or that affect the relationship between income the household generates and its level of consumption. Shocks may emanate from the settings in which households are situated or

other disasters, should be to provide an insurance function for those events for which existing insurance mechanisms (food markets, household strategies for coping with shocks, and so on) function poorly.

Implicit in this objective is the recognition that in some cases—for

Global food aid flows to persons affected by conflicts and disasters in low income countries



they could be restricted to only one or a few households, an idiosyncratic shock. The study reviews growing evidence that suggests that temporary shocks can plunge individuals or households into poverty from which they never escape or escape only with great difficulty. For example, in Zimbabwe, preschool children affected by the 1982/84 droughts were shorter as adults—and completed less schooling—than preschoolers not affected by this shock.

Implications for Food Assistance Programming

Food aid and vulnerability:

Redefining the role of food aid

What *should* be the role of food aid? This study argues that the primary objective of food aid should be to reduce *vulnerability* to starvation and hunger brought about by covariant shocks such as conflict and natural disasters. Put another way, the principal objective of food aid, besides responding to needs created by conflict, and

example, where there are local food surpluses, well-functioning markets, and where cash and food have similar effects on food consumption, child nutrition, and intrahousehold resource allocation—it may be more appropriate to provide cash rather than food. “Food aid as insurance” integrates the following considerations: the principle of “do no harm,” the importance of measures that reduce risks and hence vulnerability, and the mitigation of the shocks, both in the short and long term, when they occur.

The mitigation of the effects of shocks is the *raison d’être* of emergency food aid. Considerably less assistance appears to be available for emergencies brought about by natural disasters, even though such shocks can carry long-term consequences. Further, a considerable amount of food aid continues to flow to relatively better-off developing countries. Better targeting of food aid resources would free food-aid resources for the reduction of vulnerability to hunger and poverty.

John Hoddinott, M. Cohen, and M. S. Bos (2003), “Redefining the Role of Food Aid,” International Food Policy Research Institute, Washington, D.C. Contact author at j.hoddinott@cgiar.org.

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