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FOOD AID DATA COLLECTION FOR THE CSSD: AN APPRAISAL OF EXISTING SYSTEMS AND A PROPOSAL TO ADDRESS DATA GAPS

I. Introduction

1. In 2012, the Committee on Commodity Problems (CCP) initiated an evaluation of the Consultative Sub-Committee on Surplus Disposal (CSSD), given its limited activities, particularly since 2010. In 2014, the Committee considered the results of the review of the CSSD and mandated the Bureau of the CCP, through the creation of an Open-Ended Working Group, to carry out the further required work on the CSSD and to present its recommendations for consideration by the CCP at its 71st Session in 2016. Several outcomes and recommendations were conceived following the appraisal and deliberations by the Committee.

2. One key requirement for the successful functioning of the CSSD is access to information on food aid transactions. To this end, a critical outcome that emanated from the review process was urging donors to notify FAO¹ of their food aid transactions intentions as soon as decisions are made and to provide ex-post data on monetization of in-kind food aid, including the total value of monetized food aid and the use of the raised funds through monetization.

3. Moreover, the newly formulated recommendations adopted by the CCP gave FAO the task to monitor and report on global food aid transactions, in collaboration with the World Food Programme (WFP), and serve as the information arm of the CSSD. FAO's Global Information and Early Warning System (GIEWS), located in the Trade and Markets Division (EST), was tasked with the responsibility to work jointly with WFP with the objective to possibly assume the monitoring and reporting activities related to food aid transactions.

II. Background

4. The CSSD was established in 1954 with the mandate to monitor and evaluate global transactions of surplus agricultural commodities used as food aid, in order to minimize potential

¹ World Food Program (WFP) was originally designated as the recipient institution for donors' food aid notifications, however the suspension of INTERFAIS resulted in the transfer of responsibilities to FAO.

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negative interferences on commercial trade and prevent disincentives for domestic agricultural production. While the regulatory scope of the CSSD's functions is inclusive of all food aid formats, the primary focus has been on monetized in-kind programme food aid which are subject to CSSD's "Principles of Surplus Disposal"².

5. Compliance with these principles requires that donors consult and notify the CSSD of their intended food aid transactions prior to shipment. These types of transactions also fall under the World Trade Organisations (WTO) disciplines, where Members must ensure that international food aid is "not tied directly or indirectly to commercial exports of agricultural products or other goods and services"³.

6. Since 2000, however, there have been limited operations by the CSSD and no activity since 2010, which marked the last meeting of the sub-committee. This situation was largely reflective of three factors: 1) a decrease in the overall volume of food aid; 2) a shift away from monetized in-kind programme food aid towards local/regional and triangular procurement; and 3) an increase in the share of emergency transactions⁴, which are exempt from the CSSD consultative obligations, of total food aid shipments. Moreover, there was a reduction in the frequency of donor notifications to the CSSD, in part reflecting the transitions in food aid modalities, which had in effect limited the functional capacity of the sub-committee.

7. In consideration of the diminished operations, the CCP initiated a review of the CSSD in 2012. An Open-Ended Working Group (OEWG) was established in 2014; it conceived four broad principles for consideration by the CCP at its 71st Session in 2016:

- 1) The need for a CSSD-like mechanism may arise in the future.
- 2) The secretariat should be located in Rome.
- 3) No additional costs should be envisaged.
- 4) The mandate of the body should not be changed (e.g. not be conferred with a mandate on policy issues).

8. These principles were subsequently adopted by the CCP, in addition to the following recommendations that were intended to govern the future functions of the CSSD:

- 1) CSSD should only meet on a "when required" basis.
- 2) Any member or group of Members of the CCP may request the CSSD to meet, based on a clear justification and indication of the urgency of convening a meeting. The Director-General of FAO should make a final decision on whether to convene the meeting.
- 3) The CSSD should be serviced by GIEWS in FAO's Trade and Market Division (EST).
- 4) Donors should notify their intention to provide food aid as soon as decisions are made.
- 5) FAO/GIEWS' quarterly Crop Prospects and Food Situation report should become the dissemination arm of the CSSD.

9. The adoption of these recommendations by the CCP and the subsequent endorsement by the FAO Council and Conference imparted FAO the mandate to monitor and report on global food aid transactions in order to facilitate the operations of the CSSD. To implement these recommendations, FAO initiated an exploration of available food aid data and monitoring systems in order to appraise the availability of information and identify the most effective monitoring mechanism.

² Food and Agriculture Organisation (FAO). 2001. *Reporting procedures and consultative obligations under the FAO Principles of Surplus Disposal*. Webpage: <http://www.fao.org/3/a-y1727e.pdf>

³ World Trade Organisation (WTO). 2015. *Export Competition: Ministerial Decision of 19 December 2015*. https://www.wto.org/english/thewto_e/minist_e/mc10_e/1980_e.htm

⁴ Overseas Development Institute (ODI). 2010. *Food aid and food assistance in emergency and transitional contexts: a review of current thinking*.

10. The review process identified three main data sources, one of which was suspended in late 2016, while the other two were considered not to be adequate to serve the requirements of the CSSD. Accordingly, FAO sought to develop a questionnaire-based data-collection system, which would focus on gathering information from the main food aid donors. Financial limitations required that this new system should incur no additional costs. Also as instructed by the CCP, FAO actively engaged WFP, who administer nearly two-thirds of global food aid supplies⁵, to discuss collaborative arrangements and formulate an agreement for the transfer of data relating to the Programme's food aid deliveries.

A. Global food aid databases

11. Firstly, the primary source of global food aid data, prior to its suspension in 2016, had been WFP's **International Food Aid Information System (INTERFAIS)**. INTERFAIS was established in 1990 following recommendations by major donors and based on an internal evaluation of WFP's role during the 1983–85 African food crisis. INTERFAIS' principal function was to collect, reconcile and disseminate information on global food aid flows, including both WFP and non-WFP food aid. Data were collected in tonnage of food commodities, which was deemed to be the most efficient format, although monitoring in monetary or nutritional values was also considered. INTERFAIS reconciled data from donors against quantities of food aid actually delivered into the recipient country - an activity conducted by WFP's Port Officers. The system did not monitor final food disbursements to beneficiaries.

12. WFP issued an annual report, *Food Aid Flows*, to disseminate the data on global food aid trends. The report provided an analysis of the major characteristics of food aid transactions during the year, disaggregating food aid data into three categories:

- 1) Emergency food aid that is freely distributed and usually provided on a grant basis.
- 2) Project food aid, such as agricultural, nutritional and development interventions, which is freely distributed or sold on the market, and provided on a grant basis.
- 3) Programme food aid, which is supplied on a government-to-government basis and sold on the market, provided as a grant or loan. This food-aid type is the focus on the CSSD evaluations.

13. The INTERFAIS data were utilized by a number of institutions, most notably to assist donors in generating reports for the Food Aid Convention (FAC) (please see below). Additionally, the data was used by the Committee on Agriculture of the WTO to monitor potential impacts of international regulations on trade and food aid movements, while FAO also inputted the data into national food balance sheets - a tool used to monitor domestic supply and demand conditions and estimate the global food insecure population.

14. A second source of potential food aid data is the **Food Assistance Convention (FAC)**, a legal instrument housed under the International Grains Council (IGC), which was established to help ensure that minimum levels of food aid are distributed. The FAC began its operations on 1 January 2013, and was preceded by the Food Aid Convention. It comprises 16 Members: Australia, Austria, Canada, Denmark, European Union, Finland, France, Japan, Korea, Luxembourg, the Russian Federation, Slovenia, Spain, Sweden, Switzerland and the United States of America. The traditional focus of the Food Aid Convention was related to commitments of in-kind food aid for direct consumption. The current FAC includes a broader toolbox of eligible activities and food assistance products, including cash and vouchers, as well as a greater focus on nutritional support.

15. Under the current principles of the FAC, Members are obliged to publically disclose their food assistance operations, in an effort to enhance transparency and accountability. Parties to the FAC express their annual commitment in monetary values rather than quantities of wheat equivalent, as was the procedure under the previous Food Aid Conventions; members' commitments for 2018 were

⁵ WFP. 2012. *Food Aid Flows*.

expressed in nine different currencies. The detailed member reports provided to FAC, which are not publicized, list the actions its members are reporting against their commitments. These may include the provision of food aid commodities but also assistance provided using other tools, including cash and vouchers. The latest available report is from early 2018, the 2016 Narrative Report, and specifies that in 2016 the then 14 members of the FAC provided more than USD 3 billion against their commitments. However, the report does not mention the commodities or quantities that were provided by members.

16. The third source is the **Organisation for Economic Co-operation and Development (OECD)**, which similarly collects and publishes information on food aid in monetary values, measured in US dollars. This data is obtained from the 30 member countries of the Development Assistance Committee (DAC), which promotes “development co-operation and other policies so as to contribute to sustainable development”.⁶ OECD annual estimates on food aid deliveries are derived from the Official Development Assistance (ODA) data and, corresponding to INTERFAIS’ categorization, refer to:

- 1) Programme food aid, which is supplied as a resource transfer providing balance of payments (BoP) or budgetary support.
- 2) Project food aid that is usually provided to support specific poverty alleviation and disaster prevention activities, targeted at specific beneficiary groups or areas.
- 3) Relief/emergency food aid, which is targeted at, and freely distributed to, victims of natural or man-made disasters.

17. In addition to the three above-outlined data sources, a number of countries maintain databases on their food assistance activities. However, such reports are irregular and, hence, difficult and expensive to reconcile. In particular, it is also often difficult to identify specific food aid transactions from food assistance operations, especially in reports that increasingly illustrate assistance in monetary values rather than in tonnage. Furthermore, several inter-governmental and non-governmental organizations maintain basic statistics on their food assistance activities. These, however, mainly relate to humanitarian assistance and are of relatively small quantities that would be of limited value and interest for the objectives of the CSSD.

18. In consideration of the suspension of WFP’s INTERFAIS, and given the measurement of food aid by FAC and the OECD databases in monetary values, there is a scarcity of global-level data that would adequately serve the CSSD’s information requirements and functions.

B. Food aid donors and global trends

19. To identify the main food aid donors to be targeted for data collection, an assessment of the latest available food aid data was conducted. According to WFP’s Food Aid Flows report from 2012, the major donors were the United States of America, the European Union (European Commission and Members States), Japan, Brazil, Canada and China. Combined, these donors accounted for more than 80 percent of the food aid delivered in 2012.

20. Although not directly comparable with information gathered by INTERFAIS, more recent data from OECD indicate that the United States of America, Germany, United Kingdom, Canada and Japan remained the main food aid donors in 2016, in monetary terms. The data also illustrate a substantial increase in food aid donations by the United Arab Emirates since 2013, which puts it on near-level terms with Japan as of 2016. These countries accounted for 93 percent of the global food aid deliveries. It should be noted that the OECD-DAC information excludes data on Brazil and China, which were key donors according to WFP’s 2012 report.

⁶ The Organisation for Economic Co-operation and Development (OECD). Web page: <http://www.oecd.org/dac/thedevelopmentassistancecommitteesmandate.htm>

21. Although there has been limited variation regarding the composition of the main food aid donors, which would favour a questionnaire-based monitoring system, there has been an apparent shift in the use of different food aid formats, pertinently a decline of in-kind food aid. There has also been a general decline in food aid deliveries since the 1990s. Moreover, in terms of context, food aid is predominantly provided in emergency situations. In 2012, of the global supply of food aid, emergencies represented 70 percent of deliveries, while 27 percent was accounted for by projects and 3 percent, or 0.2 million tonnes, was categorized as programme food aid.⁷

C. Proposed monitoring system to serve the CSSD

22. FAO, following an evaluation of potential tools, determined that a questionnaire-based system targeting the primary food aid donors (governments) would be the most cost-efficient means to monitor global food aid transactions. Other options were considered, including an online tool or in-country data collection, but such formats would require increased financial and human resources. Meetings were held with WFP to solicit their input, advice and cooperation regarding the new tool and monitoring system, while also exploring the possibility of broader cooperation given their capacity and experience in relation to this activity.

23. The questionnaire to be used to collect the needed information was developed in cooperation with the Office of the Chief Statistician to minimise duplication of activities at the institutional level and to improve its efficacy. Furthermore, based on a review of the food aid donors, a list of countries was established to be targeted by the questionnaire (Appendix 1).

24. In addition, FAO solicited advice and recommendations from the OECD, given its status as the reference organisation for international aid data, which includes food assistance. Moreover, in collaboration with the OECD, a feasibility test was conducted with selected donors to ensure that the requested data can be provided and the requests are clear to respondents. The response and feedback were evaluated to refine and make modifications to the questionnaire tool.

25. While the data-collection system intends to target countries, FAO has also engaged with WFP's Supply Chain Division to seek an agreement for the transfer of information related to the Programme's food aid distributions. The inclusion of WFP data is crucial and would complement information received from donors, given the significant quantities supplied by the organization.

26. The food aid data would be collected and housed in EST and disseminated by GIEWS through its quarterly report, Crop Prospects and Food Situation. The frequency of the reporting would need to be assessed. The information would also be made available to the CSSD when requested.

D. Foreseen challenges

27. FAO's proposed data collection system, whilst requested to incur no additional financial costs, is foreseen to encounter three main potential challenges that may limit its capacity to adequately service the CSSD's needs.

28. Firstly, while one key recommendation emanating from the CCP's appraisal was to request donors to notify FAO of their intended food aid transactions, there is no legally-binding framework to obligate notification and the transfer of data. This lack of obligation may result in non-reporting and data scarcity and non-completeness, one important factor that prompted the recent review of the CSSD's operations and which may occur in the future.

29. Secondly, although a questionnaire-based approach provides flexibility regarding the type of data to be monitored, the zero-cost requirement would constrain the capacity to broaden data coverage and assessments. This is particularly noteworthy given the apparent structural shift in the food aid

⁷ WFP. 2012. *Food Aid Flows*

architecture that includes increased cash-based interventions and a great focus on local and regional procurements.

30. Thirdly, in the current form, the proposed system does not include data validation at the receiving country (recipient) level. This activity would strengthen the accuracy of the data, lessening possible issues of double-counting, for example. Furthermore, in-country monitoring would strengthen the system's ability to comprehend the timelines of food aid shipments, which, in turn, would facilitate improved understanding of the impact of aid on commodity markets.

III. Way forward

31. To move forward and further develop the information arm of the CSSD, it would be pivotal to address the foreseen challenges outlined above. However, effectively tackling these challenges would imply additional costs for the monitoring system. In this regard, further discussion could take place with WFP to explore ways for more collaboration, including the possible revival of INTERFAIS, recognizing that this would require additional resources.

32. Regarding the second point, although the CSSD focus is on assessing the effects of exported concessional in-kind food commodities, the overriding mandate is to “deal with the impact of food assistance programmes on commercial trade and on agricultural production”⁸. To reflect this overarching objective, inclusive of all food assistance programmes, the data collection and monitoring system would benefit from an exploration and incorporation of tools that would allow capturing information relating to the entire compendium of food aid modalities. This would also mirror the global shift in food aid formats. However, such an initiative would only be warranted if these food aid formats were deemed to cause negative impacts on normal commercial trade and adversely affect domestic production.

33. As regards the third potential challenge of in-country data validation, a spot-check system might be able to partly address data verification needs, while maintaining minimal costs. Nonetheless, it is critical that a system be developed to validate data, which would help to ensure the accuracy of the CSSD's deliberations and recommendations.

⁸ FAO. 2001. *Reporting procedures and consultative obligations under the FAO Principles of Surplus Disposal*. Webpage: <http://www.fao.org/3/a-y1727e.pdf>

Appendix 1

CSSD Recipients of Questionnaire on Food aid notifications

Australia	AUS	EN
Austria	AUT	EN
Belgium	BEL	FR
Brazil	BR	EN
Canada	CAN	EN
China, People's Republic of	CHN	CH
Denmark	DNK	EN
European Union	EU	EN
Finland	FIN	EN
France	FRA	FR
Germany	DEU	EN
Ireland	IRL	EN
Italy	ITA	EN
Japan	JPN	EN
Luxembourg	LUX	FR
Netherlands	NLD	EN
Norway	NOR	EN
Pakistan	PAK	EN
Russian Federation	RUS	EN
Saudi Arabia	SAU	AR/EN
Spain	ESP	SP
Sweden	SWE	EN
Switzerland	CHE	FR
United Arab Emirates	ARE	AR/EN
United Kingdom	GBR	EN
United States of America	USA	EN