

Food Aid: A Primer

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Abstract

As an introduction to food aid this paper reviews various definitions of food aid and terminology used by practitioners and academics. It also briefly examines the size of food aid relative to Official Development Assistance, trade and food production in recipient countries and recognizes that in many instances food aid may play an important role in issues related to food security. Lastly, it summarizes actions taken by various international organizations to limit possible trade distortion resulting from food aid.

Key Words: Food aid, Food security, Trade, World Food Programme, Official Development Assistance, International Organizations.

JEL: F35, O19, P45, Q17, Q18.

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1. Introduction

This paper provides a brief overview of food aid, defined as, “the international sourcing of concessional resources in the form of or for the provision of food” (Barrett and Maxwell, 2005). Food aid is a multifaceted instrument the diversity of which merits an introduction to the relevant issues and terminology. After establishing a definition of food aid we explore the commodity composition of food aid. We then compare the magnitude of cereal food aid to food trade, production, Official Development Assistance and the number of hungry in the world and consider the importance of food aid as a topic of research. Next the relevant organizations governing food aid are presented. Finally we establish working definitions of terminology related to food aid while exploring trends in the various types of food aid.

2. Defining Food Aid

In discussing food aid, policy experts use a large body of specialized terminology. Unfortunately, in many instances, terms are loosely defined or not defined at all and confusion results. We therefore introduce this discussion of food aid by establishing a common vocabulary to be used throughout. Let us start with a definition of food aid; at first glance this seems an easy task, but as recently as 2003 at a meeting in Berlin even food aid experts struggled to agree on a definition for food aid. The definition that resulted from the meeting (but was by no means the result of a consensus) was the following.

The definition of food aid should not just be focused on its source of funding, or by specific transactions, such as ‘items donated from external donors to recipient’, but should include consideration of a) all related international and domestic actions and programs, and b) the role of non-food resources brought to bear jointly with food to address key elements of hunger problems. As such, food aid can be understood as all food supported interventions aimed at improving the food security of poor people in the short and long term, whether funded via international, national public and (sic) private resources.

(Von Braun, 2003)

This definition is more expansive than definitions of food aid that are generally used or implied by the literature. The Berlin definition includes all domestic actions and

domestically funded distribution of food as well as non-food resources used in combination with food for food security purposes. As such, the Berlin definition of food aid is more similar to what this paper regards as the generally recognized definition of food based interventions (FBIs). FBIs are food distribution, market intervention, or financial transfers which are funded nationally or internationally and which improve food security (Clay, 2005). We use the definition of food aid provided by Barrett and Maxwell (2005) which is more restrictive and in keeping with that used in the academic literature to date; it is also consistent with the FAO register of the 22 transactions that are considered food aid, 16 of which are subject to CSSD regulation and 6 of which are exempt from the UMR (FAO, 2001b). Barrett and Maxwell define food aid as, “the international sourcing of concessional resources in the form of, or for the provision of food.” This definition limits food aid to international assistance in the form of food or that results in the procurement of food, but does not qualify food aid as assistance that affects food security. In this sense food aid is distinguishable from food based interventions in that food aid does not necessarily improve the food security of beneficiaries, and it is not nationally funded.

3. Terminology and Trends

Food aid may be distinguished using several factors; these include the commodity type of food distributed, donor of the aid, recipients of the food, the mode of distribution, terms of provision, level of monetization, mode of procurement, level of targeting and way in which it is channelled.

3.1 Trends in Total Food Aid

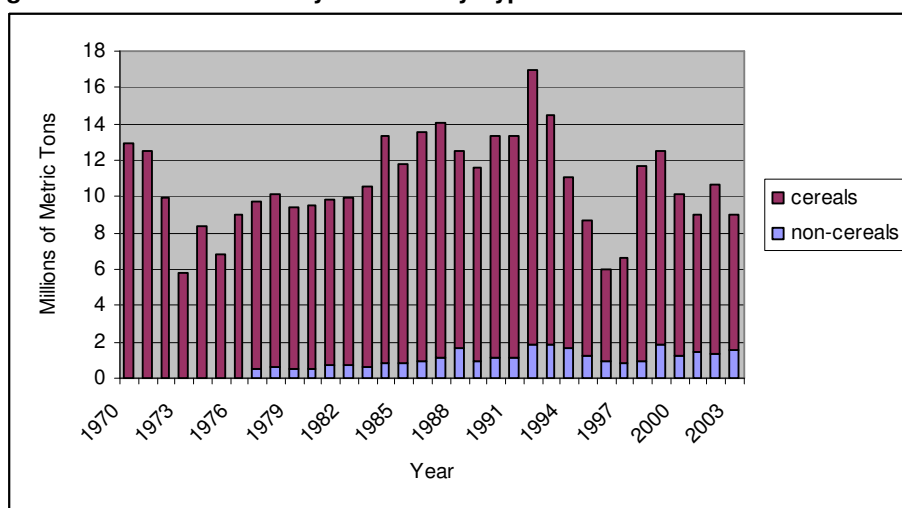
As shown in Figure 1 below, total food aid exhibited a slight decline from 1970 to 2003, but the more obvious trend is an increased volatility in the amount distributed. During the early 1970s volumes exhibited great volatility and declined rapidly from about 13 million metric tons (MT) to a low of 6 million MT in 1973. As shown in Figure 1 below quantities totalled about 10 million tons annually from the mid 1970s through the mid 1980s with little fluctuation from year to year. Volatility resumed in the mid 1990s and quantities distributed gradually increased from an average of about 12 million MT annually to peak at 17 million MT in 1992 after which point volumes plummeted to less than 6 million in 1996. During the 1990s and early

part of the 21st century quantities shipped have fluctuated greatly ranging from a low of 6 million in 1996 to peak at 12 million MT in 1999 (FAO, 2005b).

3.2 Commodity

From its inception the majority of food aid has consisted of cereal grains; wheat is the most typical commodity followed by maize, rice and other commodities. As shown in the Figure below, FAOSTAT data indicate that during the late 1970s at least 500,000 MT or 5% of global food aid was distributed in the form of non-cereal commodities. Data for the beginning of the 21st century show non-cereal food aid as representing about 1.5 million MT or between 10 and 15% of total global food aid shipments by weight at. FAOSTAT data on non-cereal food aid are not available before 1977 and from 1977 to 1986, data for non-cereal food aid are incomplete as they include only quantities of food aid in four non-cereal commodities: skimmed milk powder, vegetable oil, butter oil and other dairy products. The apparent increase in non-cereal food aid from 1977 to present levels is therefore likely the result of both more complete data and an actual increase in volumes of non-cereal food aid. Pulses and vegetable oils are the most common non-cereal commodity by weight. Included in non-cereal deliveries are dry milk products which have recently been contested due to their large volume relative to production (FAO, 2005b). This paper concentrates on cereal food aid since it represents the vast majority of food aid in any given year and due to several issues that arise when aggregating non-cereal food aid with cereal food aid (Lowder, 2004a).

Figure 1: Global Food Aid by Commodity Type 1970-2003



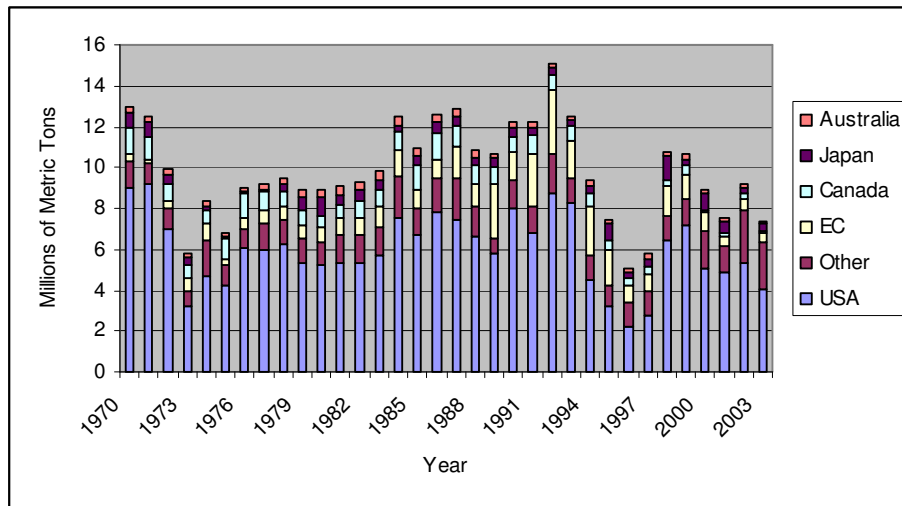
(Source: FAOSTAT)

3.3 Donors

The INTERFAIS dataset lists donors at a highly disaggregated level; there are 217 donors in the dataset which include the European Commission, 79 individual countries, WFP, other UN organizations, several NGOs and private enterprises. Funds or in kind transfers from a country are attributed to the relevant donor country. WFP is listed as the donor when cash is contributed and it is not earmarked (not designated for use in a specified recipient country). Individual NGOs are listed as the donor when their funds are used to purchase food.

The vast majority of food aid by weight is provided by the United States; since 1970 it has contributed an average of 6 million tons of cereal food aid annually and has been the source of 50 to 60% of total cereal food aid (WFP, 2005b). It funds 60% of WFP food aid operations (that organization is typically responsible for 35 to 40% of global food aid). Other major donors in decreasing order of importance are the EC, Japan, Australia and Canada (Barrett and Maxwell, 2005). The individual countries of the European Union, and the World Food Programme also donate substantial quantities of food aid. In recent years China and India have grown in importance as donors of food aid (Webb, 2003). Donations in cereal food aid from the EC grew from 500,000 MT or about 3% of total cereal contributions in the 1970s to average 3 million MT or about 15% of cereal food aid in the 1990s. They have recently declined to one million MT on average or about 5% of total cereal food aid. Canadian cereal food aid has steadily declined from around one million MT or about 5% of all cereal food aid to less 2 percentage points of total cereal food aid in recent years. Japanese cereal food aid has fluctuated greatly between one and 10% of total aid in cereals, and exhibits more reliable deliveries of large quantities in the 1990s. Australian food aid totalled less than 500,000 MT representing between one and two percent of cereal food aid for the entire period. Assistance from all other donors has grown in recent years; in years past it represented around one million MT or between 5 and 10% of total donations, but has increased to as much as 20% in more recent years (WFP, 2005b).

Figure 2: Levels of Cereal Food Aid Shipments by Donor 1970 - 2003

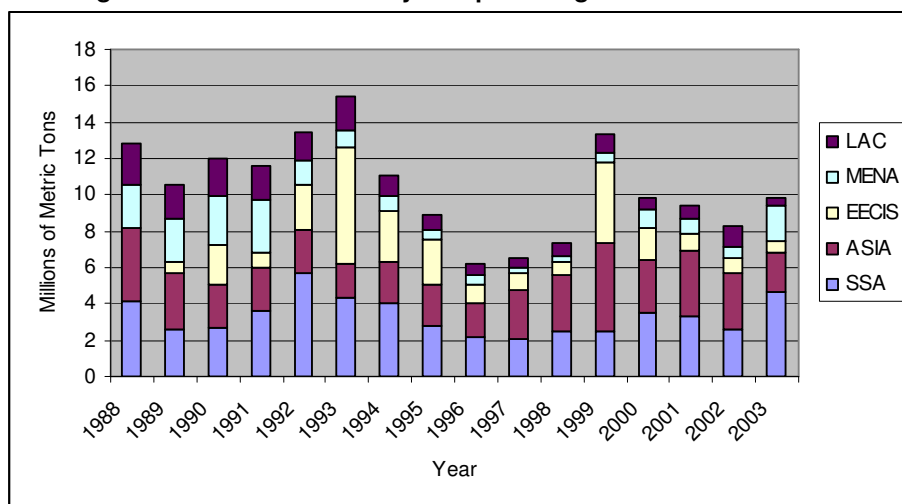


Source: FAOSTAT, INTERFAIS

3.4 Recipients

As shown in Figure 3 below, the two regions receiving the most cereal food aid in typical years are Sub Saharan Africa and Asia. In the 1970s the vast majority of food aid was channelled to Asian countries, but by the 1980s and especially after the huge gains in food security due in large part to the Green Revolution, Asia became less of a focus for food aid distribution (once available, statistics for 2005 will show increased flows to Asia in response to the Tsunami). In the 1990s and 2000s food aid to Asia declined and Sub Saharan Africa began to receive much larger quantities; currently each region receives between 35 and 40% of donations each year (Dorosh *et al*, 2002). Flows to Eastern Europe and the Commonwealth of Independent States (EECIS) were quite volatile from 1988 to 2003 ranging from 2% of the total cereal food aid flows to 35% of such flows. Shares of food aid distributed in Latin America and the Caribbean have declined from nearly 20% in the late 1980s to 5% in more recent years. Shipments to the Middle East and North Africa have declined greatly as a share of total food aid flows from a peak of about 20% in the late 1980s and early 1990s to 10% in more recent years, with the exception of an atypical peak flow to the region in 2003.

Figure 3: Cereal Food Aid by Recipient Region 1988 – 2003



Source: WFP INTERFAIS

Over the period for which INTERFAIS data is available (1988 – 2003) 138 countries received cereal food aid; the recipients of the 10 largest amounts (over the entire period) were, in order of decreasing receipts: Ethiopia, Bangladesh, the Russian Federation, North Korea, Egypt, Mozambique, India, Sudan, Indonesia and Peru. The majority of recipients (48) are countries located in Sub Saharan Africa¹, 27 seven countries are in Asia², 31 in Latin America or the Caribbean³, 17 in Eastern Europe, Russia and the Commonwealth of Independent States⁴ and 15 in North Africa and the Middle East⁵.

¹ These are Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Republic of the Congo, Cote d'Ivoire, Democratic Republic of the Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, Sudan, Swaziland, Tanzania, Togo, Uganda, Zambia, and Zimbabwe.

² They are Afghanistan, American Samoa, Armenia, Azerbaijan, Bangladesh, Bhutan, Cambodia, China, East Timor, Fiji, Hong Kong, India, Indonesia, Kazakhstan, Kyrgyzstan, Laos, Malaysia, Maldives, Mongolia, Myanmar, Nepal, North Korea, Pakistan, Papua New Guinea, Philippines, Solomon Islands, Sri Lanka, Suriname, Tajikistan, Thailand, Turkmenistan, Uzbekistan, Vanuatu, and Vietnam.

³ They are Antigua and Barbuda, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominica, Dominican Republic, Ecuador, El Salvador, French Guyana, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Montserrat, Nicaragua, Panama, Paraguay, Peru, Saint Lucia, St. Kitts and Nevis, Saint Vincent and the Grenadines, Trinidad and Tobago, Uruguay, and Venezuela.

⁴ They are Albania, Belarus, Bosnia Herzegovina, Bulgaria, Croatia, Estonia, Georgia, Latvia, Lithuania, Macedonia, Moldova, Poland, Romania, Russian Federation, Slovenia, Ukraine, and Yugoslavia.

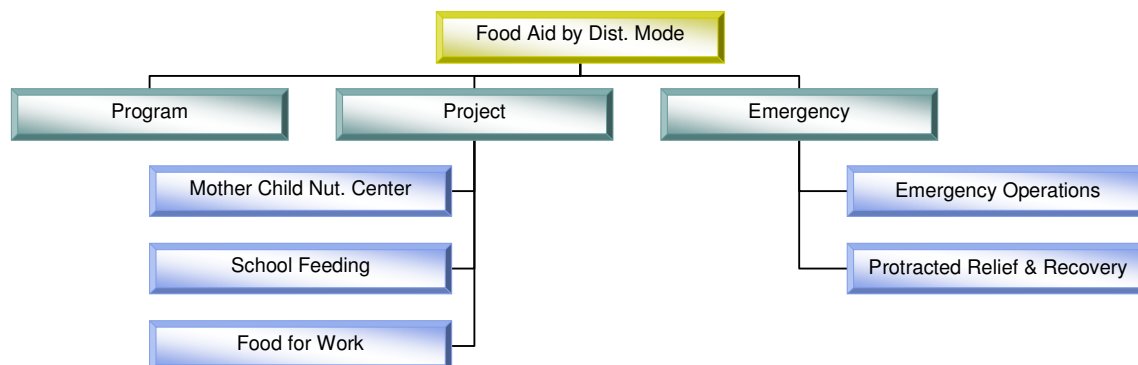
⁵ They are Algeria, Cyprus, Egypt, Gaza West Bank, Iran, Iraq, Israel, Jordan, Lebanon, Morocco, O.Palestina, Syria, Tunisia, Turkey, and Yemen.

Inspection of data from 1988 through 2003 reveal that the largest shipments of a single commodity (weighing more than 300,000 MT) from a single donor, mode of distribution, mode of procurement, and recipient tend to be of the program food aid variety and most are US donations, several are donations by the EC and a few are donations by Japan, China or South Korea. US program food aid donations are typically directed towards Russia, Egypt, or Bangladesh. The EC also shipped large quantities of wheat as program food aid to Russia. Jordan, Poland and Romania received large shipments of program food aid between 1988 and 2003. Ethiopia and North Korea were among the recipients of the largest single commodity food aid transfers by the US, EC, Japan, and China but theirs was distributed as emergency food aid. (WFP, 2005b)

3.5 Mode of Distribution

Food aid is a diverse instrument; perhaps the most important difference between various types of food aid is the way in which it is distributed. Figure 4 shows a flow chart with the typical food aid classifications by the three major modes of distribution: program, project and emergency. Program food aid is either donated or sold at a concessional price to the government of a recipient country which then sells the food on the market (Clay, 1990). Project food aid is food that is distributed for free (or in exchange for work) to participants in programs typically run by non governmental organizations or the World Food Programme that are intended to promote agricultural or economic development. Examples of project food aid include food for work, school feeding, and mother child nutrition centers. Emergency food aid is distributed to the food insecure in times of crisis such as war or famine. In some cases the distinction between emergency and project food aid is not clear. For example, in Ethiopia emergency food aid is sometimes distributed through food for work programs. One can therefore not say that all food for work is project food aid, nor that all emergency food aid is distributed for free.

Figure 4: Food Aid Classified by Distribution Mode



(Lowder, 2004b)

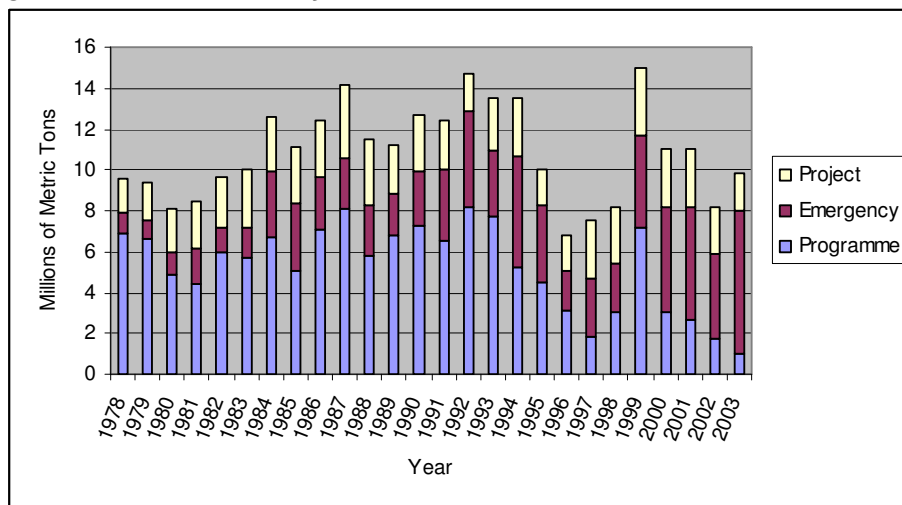
Food aid and food based interventions are overlapping in that some but not all food aid is a food based intervention, and vice versa. An important point that is often overlooked is that food that is donated to a recipient government that then resells the food on the market is food aid (of the program variety), but it is not a food based intervention since it is not designed to directly affect food security. It is the failure to make this distinction and to refer to all types of food assistance (whether project, emergency or program) using the very loose term food aid that has allowed program food aid to be confused with humanitarian aid. However, programme food aid is not an explicit effort to improve food security, but rather a source of budgetary support to recipient countries that may be used by donors for surplus disposal in an effort to achieve political objectives or to expand markets overseas.

Figure 5 below shows total cereal food aid and cereal food aid by mode of distribution (program, project or emergency) from 1978 through 2003. Total cereal food aid has increased in volatility over the time period, exhibiting neither a significant increase nor decrease in volumes.

Program food aid used to dominate global food aid flows, however, quick inspection of data on cereal food aid from FAO and the World Food Programme shows that it has declined from an average of 7 million MT (or about 50 to 60% of

total flows) through the early 1990s to 3 million MT⁶ in a typical year; more recently it has declined to less than 2 million MT representing less than 20% of total cereal food aid. Since 1978 emergency food aid has gradually increased from an average of one million MT in the late 1970s to about 4 million MT in the early 1990s before a period of decline to 3 million MT from 1996 to 1998 which preceded a recent surge to between 5 and 7 million MT (more than 50% of global cereal food aid flows). In the early part of the 21st century emergency food aid in cereals appears to have replaced program food aid on the global level. In contrast to this, the volume of project food aid has remained stable from 1978 to 2003 and has averaged about 2.5 million MT representing about 15 to 30% of total cereal food aid in a given year (WFP, 2005b; FAO, 1996; FAO, 1992a). Decreases in the allocation of program food aid are largely the result of increased emphasis on humanitarian aid and of less abundant stocks of cereals as trade liberalization has progressed. Recent increases in emergency aid and relative stagnation of project food aid are likely due to donor fatigue as a result of lack of evidence that project food aid fosters development, concerns over distortion resulting from development food aid, and increased incidence of, or awareness of, emergencies (Russo *et al*, 2005).

Figure 5: Cereal Food Aid by Distribution Mode 1978 – 2003



(Source: INTERFAIS; FAO, 1992; FAO, 1996)

⁶ In 1999 the level of programme food aid was unusually large due to large flows of US and European Community food aid to Russia.

3.6 Terms of Provision

Whereas all project and most emergency food assistance are provided as a grant, program food aid is frequently sold at a concessional price (greater than zero) and/or with concessional financing to recipient governments instead of being provided on a full grant basis. The United States is the donor that provides food aid on concessional terms rather than on a full grant basis the most frequently⁷. Nearly 30% of cereal food aid (3.5 million MT) was provided on a concessional basis in the late 1980s; the percentage of cereal food aid provided on such terms has gradually declined to currently equal about 1 million MT or 10% of total cereal food aid. Until 2000 all cereal food aid provided on a concessional basis was of the programme variety; for the first time from 2000 to 2003 large quantities of emergency food aid were allocated on a concessional basis (WFP, 2005b).

3.7 Monetization

Whereas all food in program food aid operations is sold on recipient country markets, and emergency food aid is rarely sold by the organizations involved in it, some project food aid is sold on recipient country markets to generate cash funds for relief and development programs; this practice is known as monetization. Monetization of project food aid has increased greatly from 1988 to 2003 and is a practice used mostly by the US, but has also resulted from small quantities of food aid provided by Canada and a few other donors on occasion. In the late 1980s only about 10% of project food aid was monetized but in recent years more than 1/3 of all project food aid has been sold on the market (WFP, 2005b).

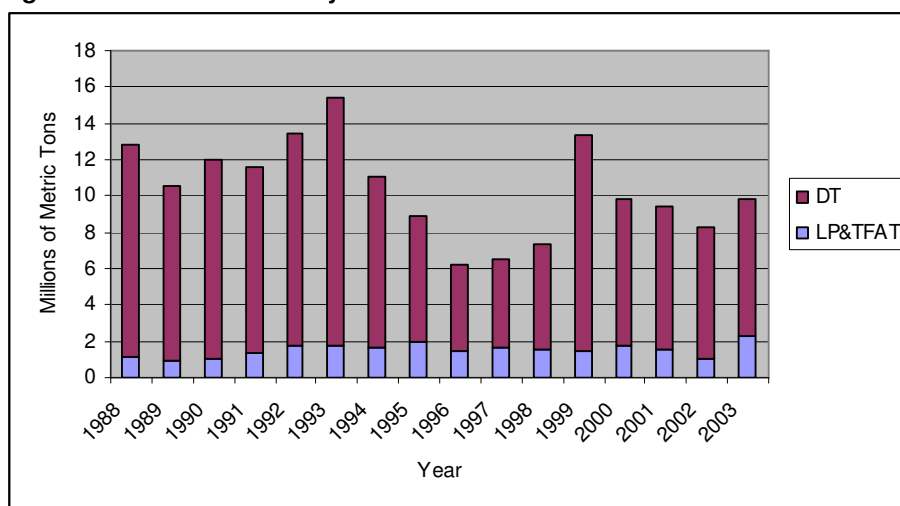
3.8 Mode of Procurement

Food aid may be procured in various ways. All program food aid and the majority of project and emergency food aid is food that was produced in the donor country rather than in the country where it is distributed; it is thus referred to as a direct transfer. Some food aid is purchased locally. Still other food aid is the result of what is known as a triangular food aid transaction (TFAT). A TFAT involves a donor country giving food or cash to an organization that procures food in another country

⁷ With the exception of recent concessional sales, S. Korea, and concessional sales by Japan and the World Bank in the 1990s INTERFAIS data show the US as the only donor of cereal food aid on concessional terms.

(typically a middle income country) to be traded for or to purchase food used in food aid operations in a third country. The majority of food aid is provided in kind, or as a direct transfer (DT) of food from a donor country to a recipient country. Some food aid is purchased locally (LP) or regionally through a triangular transaction (TFAT). Until the mid 1990s LP & TFATs represented about 10% of all cereal food aid, but they have grown to more substantial amounts in recent years fluctuating between 12 and 20% of total cereal food aid. The US and Canada provide the majority of their food aid in kind, whereas most LP and TFATs are undertaken by other donors (Australia, Japan, EC, etc.) and WFP. In the year 2000 WFP purchased more than 25% of the food used in its operations through LPs or TFATs (Barrett and Maxwell, 2005). Most NGOs do not limit their monetization, and NGOs, especially American NGOs, receive much food aid in kind and as a result engage in fewer LP& TFATs than does WFP which has rarely monetized food. (Russo *et al*, 2005) In 2000 10% of NGO food aid was the result of a LP or TFAT (Barrett and Maxwell, 2005).

Figure 5: Cereal Food Aid by Mode of Procurement 1988 - 2003



Source: INTERFAIS

3.9 Targeting

Another difference between the three types of food aid is that of targeting. The effort to get food aid into the hands of the hungry poor is known as targeting. Program food aid is not explicitly targeted; discussion of targeting is therefore in reference to project and emergency food aid. When food aid is well targeted there are minimal errors of inclusion (food aid provided to those who would have otherwise purchased it or allocations are too large relative to individual recipient needs) nor are

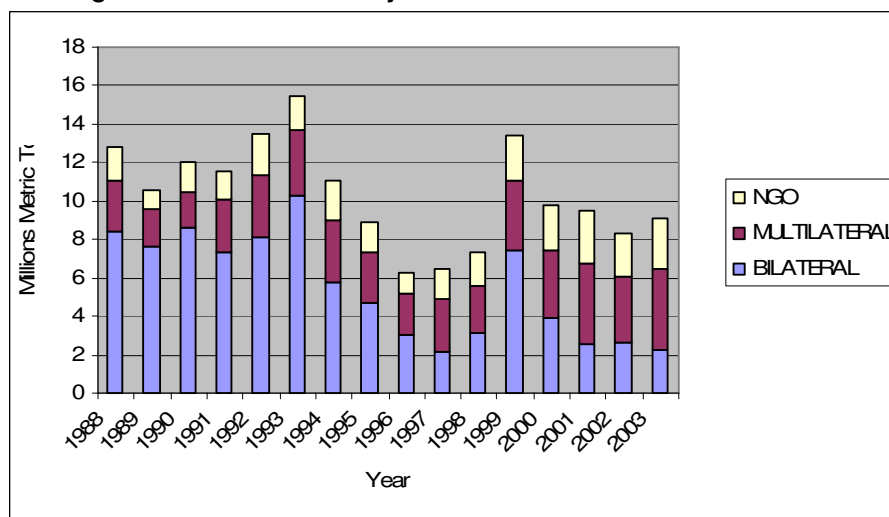
there errors of exclusion (food insecure people do not receive food aid or the food insecure receive too little food aid to provide their minimum nutritional requirements) (Gebremedhin *et al*, 2001). Barrett and Maxwell emphasize the importance of timeliness of receipt, commodity quality, and availability of complementary inputs as elements of proper targeting (2005).

3.10 Channel: Bilateral, Multilateral, or NGO

Food aid may be channelled, or transferred from the donor to the organization that distributes it by means that are either multilateral (WFP), bilateral (government to government) or through a Non governmental organization (NGO)⁸. Prior to the 1980s when the World Food Programme became a key player in the distribution of food aid, the majority of food aid was bilateral or transferred from one government to another. As shown in Figure 6 below, in recent years (2001 – 2003) bilateral food aid in cereals has declined to about 2.5 million MT or 25-30% of total cereal food aid, multilateral food aid in cereals (99% of which was handled by WFP) has totalled 3.5 to 4.2 million MT or 40-49% of total cereal food aid, and NGOs have channelled 2.2 to 2.7 million MT or 27 to 29% of total cereal food aid. (WFP, 2005b) All program food aid is bilateral, whereas project and emergency food aid are either channelled bilaterally, multilaterally or by NGOs. Recent years have shown a strong trend away from multilateralism in project aid as NGOs and bilateral aid have come into favour with donors especially the EC, UK, Netherlands and US. These donors supply most of their project food aid through American NGOs rather than the WFP. This is due in large part to WFP's limiting monetization and requiring donors to provide sufficient cash for project implementation along with its food aid in kind (Russo *et al*, 2005).

⁸ It is important to distinguish between channelling and distribution. Whereas channelling is the transfer of food aid from donor to organization that distributes it, distribution is the final step through which food aid is doled out to the recipient. WFP rarely distributes food, but most often relies on NGOs to administer and distribute food aid that it has channelled.

Figure 6: Cereal food aid by Channel



Source: INTERFAIS

3.11 Additionality

The literature on food aid often refers to it being additional when referring to two separate concepts. Two types of additionality are often considered: additionality in consumption and in donation levels. Food aid is additional to the recipient when it results in consumption greater than the amount that they would have consumed in its absence. Food aid is additional from the donor perspective when the value of ODA contributions by a donor of food aid is larger than the value their contributions would have been given all donations had been made in cash.

4. Food Aid versus Trade, Food Production and Development Assistance

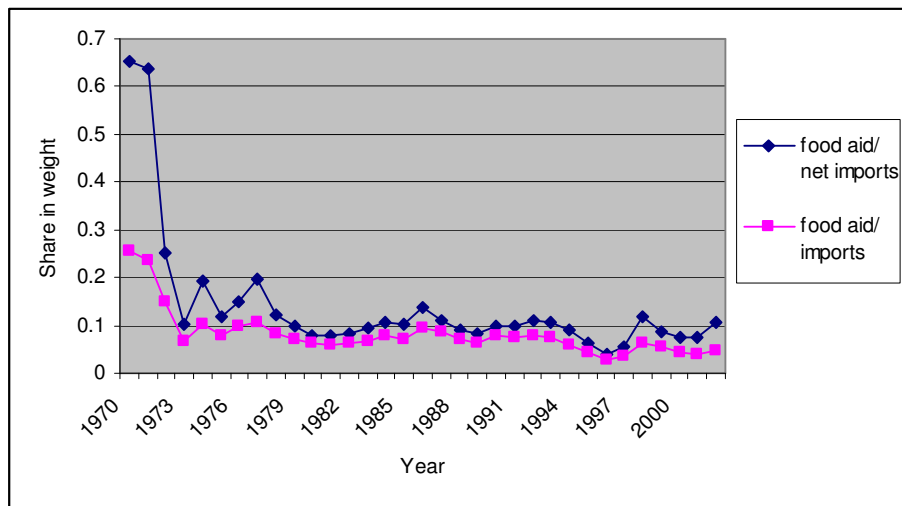
Food aid shipments by weight are a small share of international food trade and an even smaller share of global food production; we focus on cereal commodities to demonstrate this difference. Cereal production has steadily increased from about 1.1 billion MT in the early 1970s to 1.8 billion MT in recent years. Since cereal food aid ranges from 5 to 15 million MT it constitutes less than one percent of total cereal production in the world. Food aid is a much larger share of food trade than of food production since only 250 million MT or 15% of cereal foods produced are typically traded on an annual basis. Although food aid is a large percentage of cereal trade, it has declined as trade in cereals has increased (FAO, 2005c). As a share of world cereal trade, cereal food aid has declined from 10% in the 1970s to less than 3% in more recent years (Barrett, 2002).

Cereal food aid has not only declined in importance relative to cereal production and trade, but also relative to total official development assistance. The value of food aid represented about 20% of bilateral ODA in the 1960s (Clay *et al*, 2005), and steadily declined to less than 3% from the mid 1990s through the early part of the twenty first century (Barrett and Maxwell, 2005). Other estimates of the relative magnitude of food aid and ODA excluding technical cooperation show that food aid represented 10% of bilateral ODA in the early 1980s and declined to an all time low of 2% during the 90s to recover and increase to 5% by the early part of the 21st century (Lammersen, 2005). Regardless, it is safe to consider food aid as a small portion of development assistance.

5. Food Aid and Food Security: A Relevant Topic?

One might then ask, if food aid is relatively small in comparison to overall food production, trade and ODA, is its role in efforts to promote food security important enough to be a topic of research. Other measures would certainly indicate that food aid is often relevant to food security. Although it has declined, cereal food aid in relation to the quantity of imports to countries receiving such food aid is larger than it is as a share of total global food trade. As shown in the Figure below, cereal food aid as a percentage of imports to recipient countries has declined from about a peak of around 25% in 1970 and 1971 to around 10% later in the decade to finally decline to less than 5% in more recent years (FAO, 2004a). If one considers food aid as a share of net imports to recipient countries (defined conservatively as imports to recipient countries including food aid minus exports of cereals from recipient countries) it has declined from about a peak of around 60% in 1970 and 1971 to about 20% later in the decade to finally decline to less than 10% in more recent years (FAO, 2004a).

Figure 7: Shares of Cereal Food Aid in Cereal Imports and Net Imports of Cereals



Source: FAO, INTERFAIS

The share of food aid in the cereal food production of recipient countries has always been very small; for several years it has been about .5%. At an individual recipient country level shipments of food aid are quite large in the case of particular countries and years. For example, during the 1992/3 drought in Mozambique yellow maize food aid was 61% of total cereal food availability in the country. Throughout the first half of the 1990s food aid in that commodity represented 20 to 35% of total cereal availability in Mozambique (Tschirley *et al*, 1996). Volumes of programme food aid to the Russian Federation in 1992, 1993 and particularly 1999 indicate that amounts of food aid at the country year level have on occasion been quite large. In light of the magnitude of food aid shipments for particular countries and specific years, food aid is important to the food security of many countries both because of its potential redistributive effects and its possible effect on domestic agricultural markets.

The implications of food aid for food security are perhaps more obvious when one considers the number of beneficiaries receiving food aid in a given year. WFP food distribution has reached between 50 and 100 million people annually since 1996 (WFP, 1997; WFP, 1998; WFP, 1999; WFP, 2000; WFP, 2001; WFP, 2002; WFP, 2003; WFP, 2004). WFP distributes about 40% of global humanitarian food aid each year; if other operational agencies deliver similar rations then between 125 and 250 million people receive humanitarian food aid annually. If it indeed reaches the hungry poor, humanitarian food aid is potentially important to the short run access to food of many who suffer from hunger, but it is clearly far from reaching the more than

800 million hungry people in the world today. Furthermore the size of the rations falls short of the 182.5 kilograms that WFP estimates as necessary to fulfil daily caloric requirements of 2100 kcal; this is partly because in some cases recipients have other sources of food, but it may also indicate that the volumes of food aid per recipient are modest or even inadequate in some cases (WFP, 2005a). Yager (2002) notes a FAO observation that progress in attaining the Millennium Development Goal of halving the number of hungry people in the world has been quite limited and therefore the need for food aid will continue to exceed availability of the resource. Food aid not only affects food security but it may have implications for agricultural trade.

6. Food Aid: Relevant Organizations

Various attempts have been made by FAO, the International Grains Council and the World Trade Organization to prevent food aid from displacing commercial food trade and discouraging food production in recipient countries. In 1954 the member governments of the Food and Agriculture Organization of the United Nations founded the Consultative Sub-Committee on Surplus Disposal (CSSD) in an effort to limit market distortions arising from food aid (FAO, 2001). The CSSD introduced the concept of the Usual Marketing Requirement (UMR) or minimum quantities of imports that countries must purchase at non-concessional prices before they are permitted to receive food aid. By obliging recipients to import the UMR, the CSSD aims to prevent import displacement. Some types of food aid are completely exempt from the UMR as they are not likely to distort trade markedly. These include emergency food aid⁹, transactions smaller than a designated size determined by commodity type, food aid through charitable organizations, local purchases in recipient countries or regional purchases where food is purchased from a LIFDC and some triangular swaps (FAO, 1992b). WFP development or project food aid is subject to special reporting procedures. In 1962 the World Food Programme was established under the joint supervision of the United Nations and the FAO. WFP introduced emergency and project food aid as an attempt to provide food aid without displacing imports or discouraging production. WFP food aid operations typically represent 35 to 40% of global food aid in a given year (Barrett and Maxwell, 2005).

⁹ An authoritative definition of emergency has not been established by the CSSD or any of the other international bodies governing food aid. The formulation of such a definition may result from current negotiations of the WTO aimed at disciplining food aid (FAO, 2005a).

In 1967 the Food Aid Convention was established under the International Grains Agreement during the Kennedy Round of the GATT. The Food Aid Convention is an agreement by 22 food aid donor countries and the European Union to provide minimum levels of food aid to recipient countries in an effort to promote food security (Barrett and Maxwell, 2005). The WTO has taken some steps to date in an effort to regulate food aid. These began with the Uruguay round which concluded in 1994 producing the Agreement on Agriculture (AoA). Article 10 of the AOA recognizes the distortionary effect food aid may have on agricultural markets and restricts program food aid on concessional terms within the regulations on export subsidies. Currently WTO negotiations are underway to determine the direction the body will take (if any) to restrict food aid (Konandreas, 2005).

7. Conclusions

Clearly, food aid is a diverse instrument. Any worthwhile discussion of the topic must first establish a common terminology and specify the modalities examined. It is with this in mind that this paper has reviewed various definitions of food aid and terminology used by practitioners and academics. From this brief overview of issues related to food aid we also saw that despite its being small relative to levels of food production and trade, food aid may have implications for both food security and food trade.

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