Institute for Agriculture and Trade Policy

2105 First Avenue South

Minneapolis, Minnesota 55404

USA

iatp.org

agobservatory.org

COMMENTARY November 5, 2007

Reforming Food Aid

By Sophia Murphy

Last month, President Bush stood before the United Nations' General Assembly and highlighted the need to reform controversial U.S. food aid programs. His proposed reform is simple: instead of shipping U.S. grown food over long distances to people in need, money and time could be saved by allowing agencies working to prevent famine to buy the food locally. The long-term benefit would be improved food self-sufficiency in areas now dependent on charity.

The President's intended audience on food aid was not only the many international critics of current U.S. practice—it also included Congress, who is setting food aid policy in a new Farm Bill. The House version of the Farm Bill passed in July did not adopt any part of the modest reforms to food aid programs proposed by President Bush. Fortunately, the Farm Bill emerging from the Senate Agriculture committee includes an important four-year, $25 million trial program to use local cash purchases of food in poor countries.

Food aid is about relatively modest sums of money (roughly $2 billion in the total agricultural budget of some $56 billion a year) that the world's richest country spends in the name of some of the world's most destitute people. In overseas development assistance terms, however, the money matters: USAID's budget is under $10 billion most years, making food aid an important additional source of resources for development.

There is every reason to get this spending right: Congress owes it to the people in whose name the money is appropriated, and to the taxpayers who are providing the money. The U.S. provides more than half the global total of food aid. Other food aid donors, large and small, have reformed their programs in recent years. Those reforms include: ending or limiting mandates to source food in the donor country; and, providing cash for local purchases near where the food crisis occurs. The key elements of sound food aid are targeting (get it to the people that really need it); get the food there on time (too late can hurt local farmers at harvest time); and, buy the food whenever possible from local markets, to strengthen local production and distribution systems for the future.

The U.S. program is the only large food donor that has not reformed its programs. Current law carries an inflexible mandate that most food aid must be shipped from the United States. This significantly limits the value of U.S. donations. In a critical report earlier this year, the Government Accountability Office (GAO) found the average amount of food actually reaching people in need from the U.S. has fallen by more than half in the last five years. This 52 percent fall comes at a time when demand is increasing. The report blamed rising business and transportation costs. U.S. food aid donations have now fallen still lower because of rising commodity

The Institute for Agriculture and Trade Policy promotes resilient family farms, rural communities and ecosystems around the world through research and education, science and technology, and advocacy.

and oil prices.

One of the largest development agencies in the world, CARE, recently took a brave and important step: they chose to stop accepting U.S. food aid funds, saying they would rather do without $45 million a year than continue to be part of a system that undermines the very people they are supposed to serve. The choice made by CARE highlights the difference between interests that actively benefit from and promote the current system, particularly the shipping industry and a number of commodity firms, and the development agencies, who hold their noses but support the status quo for fear of losing development resources altogether if food aid policies dropped the mandate for U.S. sourcing.

We can only hope that CARE's decision will mark the beginning of the end of this charade, and an embrace of reform. Next week, the full Senate will vote on the Farm Bill. It must include the small, do-able and wholly necessary pilot program for local purchasing by hungry countries to help put U.S. food aid back on the right track so that more of the assistance America provides actually gets to those who need it the most.

Sophia Murphy is a Senior Trade Advisor at the Institute for Agriculture and Trade Policy.