

Preparing for an Uncertain Global Food Supply: A New Food Assistance Convention



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Over the past decade, a growing consensus has emerged that the global human food supply is becoming increasingly vulnerable to serious disruptions. These disruptions are likely to be regional in nature but may also have global implications, as they did in the early months of 2008. Food system disruptions can have profoundly destabilizing effects on the affected countries and beyond. There is therefore a strong rationale for designing a global food “safety net” that can bridge the disruption of these food supplies.

The Food Aid Convention (FAC) is the only treaty that provides a predictable multilateral mechanism for making food transfers available in response to structural food deficits and food crises. The current version of the treaty was renegotiated almost a decade ago and in many key aspects has been rendered less and less suited to contemporary realities. Although its reform has been stalled by agricultural trade negotiations at the World Trade Organization (WTO), there is a growing consensus among the current member states that now is the time to seek significant changes, through reform of the Rules of Procedure and/or renegotiation of the convention itself. Either option has the potential to provide a global food safety net.

Discussions have already begun about the nature of any new or reformed convention, examining ideas such as

- modifying the commitment structure to permit greater flexibility in the nature of countable contributions (e.g., non-food transfers such as vouchers and cash transfers, micronutrient supplements, cash contributions toward the costs associated with another members’ commodity contributions);
- improving the effectiveness of food assistance activities by implementing a system of periodic reviews of selected interventions;
- broadening the participation in the convention to include recipient countries who undertake to adhere to a code of conduct for food assistance effectiveness; and
- implementing a rights-based approach by linking the overall commitment level to a reliable measure of need and using a pro-rated formula for member contributions.

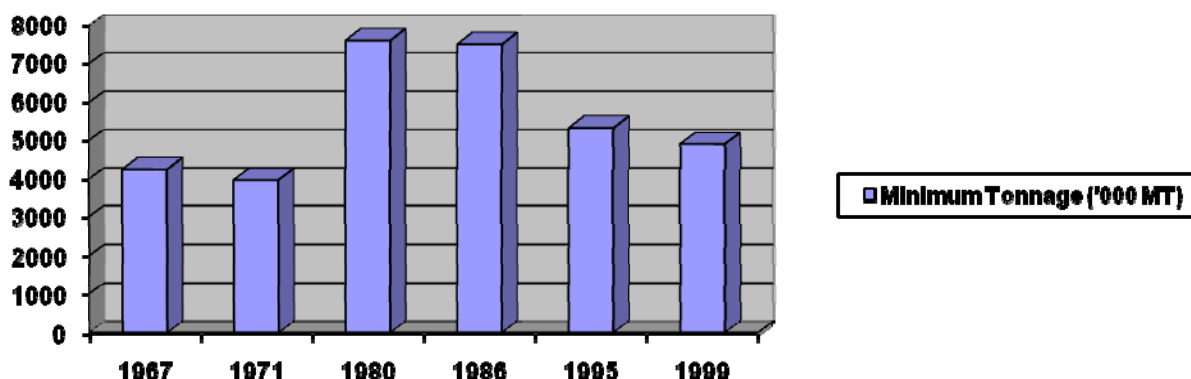
The broadening of the application of the FAC has led many proponents to promote the changing

of the title to “Food Assistance Convention,” underscoring the use of tools beyond food aid to increase food consumption among food-insecure people. The outcome of these negotiations could significantly improve the governance of international food security in terms of ensuring a just allocation of food supplies for future major food crises.

Background to the FAC

The FAC was established in 1967 in conjunction with the Kennedy Round negotiations of the General Agreement on Tariffs and Trade. Its original purpose was to provide an agreed-upon framework to regulate the use of food aid as a mechanism to utilize surplus food stock, in particular to minimize the disruption of the international trade in cereals and to provide a reliable minimum quantity of food aid. The initial membership included all the major wheat-exporting countries and some of the major cereals-importing countries. The FAC has been renegotiated five times, resulting in changes in the overall quantities of food aid, the range of “countable” commodities, and the agreed-upon purpose and qualifications for food aid transactions (see Figure 7.1).

Figure 7.1. Minimum Food Aid Tonnage Commitments under Various Food Aid Conventions



Source: Benson 2000.

Within certain convention periods there were adjustments in commitment levels, usually based on unilateral notifications by donors. Other changes during the past twenty-five years have included local purchase flexibility (FAC 1986) and an increase in the number of countries on the eligible recipients list, most notably the addition of the emerging economies of the former Soviet Union in the 1995 convention. The range of eligible food commodities was increased, extending beyond cereals to include limited amounts of pulses, edible oil, root crops, skim milk powder, sugar, seeds, and micronutrient fortification/supplementation (FAC 1995; FAC 1999). Eligible costs were adjusted to include those associated with transport in the case of internationally recognized emergency situations (FAC 1999).

The most recent FAC was due for renegotiation in 2002 but has been extended several times pending the conclusion of Doha Round WTO negotiations on trade disciplines for food aid. Although these negotiations are not yet complete, there is sufficient closure on the food aid discussions for members to begin discussion on FAC reform.

This renegotiation comes at a particularly important moment. Food aid needs have risen steadily over recent years, reflecting continuing low investment in agriculture and rural development, unfair agricultural trade relationships and the growing impact of climate change, which is expected to steadily reduce food production in equatorial countries. At the same time, total food aid availability has declined, with rising prices decreasing budgetary allocations for food aid. Because food is such a basic necessity, acute food shortages can quickly lead to serious political instability, particularly in urban areas. If such instability arose in several countries at the same time, the threat to the international economic and political systems would be severe. In this context, the existence of an adequate global food aid safety net may be a key element in ensuring global economic and political stability.

The Value of the Food Aid Convention

There has been considerable debate about the value of the FAC, most notably by Charlotte Benson (2000) and, more recently, by Hoddinott, Cohen, and Barrett. (2008). On the positive side it has been noted that the Food Aid Convention is the sole international treaty that guarantees a minimum transfer of resources between (mostly) Organization for Economic Cooperation and Development (OECD) countries and developing countries. By specifying a minimum quantity of food, it provides some protection from reductions in food aid availability when the food prices rise suddenly as they did in early 2008. In principle it is therefore a legal instrument for providing an international food safety net, a fact that could be of great importance in the volatile years ahead.

In practice, the FAC has fallen short of its potential. Benson points out that the total commitment level of the FAC has generally been well below the actual food aid levels, suggesting that at least some convention members set their commitment levels so low that they are unlikely to fall below them. Despite this, meeting the convention commitments has been a significant factor in some member states' allocation of resources, even though at times they threatened to weaken their commitments. The strong domestic political profile of food aid in some member states may also support the claim that these resources have been at least partially additional to other aid flows.

There are several other criticisms of the current convention. Some critiques focus on the complexities of the rules and procedures. In particular, it has a very complex and non-transparent method for rendering the quantities of a wide range of permissible commodities, delivered through several different modalities, into a single unit of food aid, the "wheat-equivalent tonne."¹ It also has complex and sometimes perverse rules regarding the accounting of

¹ Beyond the semantic objection of referring to all food aid as wheat, the feat of finding a system to add

transportation costs—most recently the inability to count transportation costs paid for the transport of non-member food aid shipments (e.g., Indian wheat provided for food emergencies in neighbouring countries).

Further critiques focus on what the convention fails to do. For example, it fails to fully recognize the importance of the nutritional adequacy of food aid, particularly the important role of micronutrient supplementation. There has also been a failure to implement the convention provisions that focus on ensuring the effectiveness of food aid. Although these are aspirational in nature, there is much that could be done to give them substance. The convention also fails to provide adequate representation to recipients because it limits its membership to donors only. This is a direct challenge to the emerging aid consensus represented by the Paris Declaration on Aid Effectiveness that recipients must also be represented. Finally, it lacks transparency in that reports of member compliance with their commitments are not publicly released and have been difficult or impossible to obtain.

Despite these weaknesses, most member states think that scrapping the convention would carry an unacceptably high political price—particularly in the context of an increasing need for food-related transfers due to climate change-related emergencies and instability, and volatility on world food markets. The principal debate now centres on how much to change the convention, and in what direction.

Possible New Directions for the Food Aid Convention

The debate among members about the future of the FAC has just begun. At the semi-annual meeting of the FAC in December 2008, members began informal technical discussions about changes to the convention—initially following two possible lines of reform. Some members favoured immediate renegotiation, others favoured an initial revision of the Rules of Procedure. The context of these discussions played a significant role in determining the outcome. Important elements included:

Economic conditions

Donor governments dealing with recession and falling tax revenues will be disinclined to undertake additional international commitments (and some may be tempted to drop existing commitments).

Food aid demand

The World Food Programme reports that the need for food aid is escalating as a result of both global economic conditions and the increasing impact of climate change.

WTO trade negotiations

In the context of WTO negotiations, developing countries still point to the 1994 Marrakech

up so many “apples and oranges” is not insignificant.

Decision in which rich country members of the WTO committed to several measures, including enhancing the FAC, should food prices rise as they have for the past several years.

Evolving best practices in food aid

In recent years the use of vouchers and cash transfers to households and individuals have been shown in some situations to be as effective or more effective than food transfers in responding to food insecurity. Neither vouchers nor such cash transfers can be counted against commitments under current convention rules.

Donor policies

The European Commission took a decision in 2006 to move all of its food aid activities to the European Community Humanitarian Organization (ECHO). The main mandate of ECHO is to respond to immediate emergencies, and, under current European Commission rules, it cannot make global binding commitments to provide resources on multi-year basis. ECHO can legally commit resources on an event/project basis only. ECHO also seems to be more comfortable with the idea of transforming the FAC into a humanitarian assistance convention, thus avoiding concrete food aid commitments with their attendant price risks.

Minor Modifications—Revision of the Rules of Procedure

Several of the criticisms of the current convention could be addressed with minor changes, possibly by amending the current rules of procedure. Below are some suggestions for inclusion in these amendments:

Twinning to support food aid by developing country food aid activities

Under the current rules of procedure, it is not possible to count cash contributions that assist in the transportation and distribution of food aid commodities provided by other donors. With several developing countries expressing interest in the possibility of providing food aid resources to countries in their vicinity, several convention members, including Canada, would like to be able “twin” with these countries to cover the non-food costs.

Micronutrient supplementation

The current rules of procedure provide for the micronutrient fortification (adding micronutrients to food aid commodities) of convention-permitted commodities but not for the provision of micronutrient supplements (pills that can be separately distributed). With micronutrient malnutrition now widely documented as a major problem, there is a strong case for providing supplements either on their own or in conjunction with, for example, unfortified locally procured food aid commodities.

Increased transparency

The current rules of procedure set deadlines for member reporting of food aid activities but make no definite provision for the timely public release of FAC reporting. This could be provided for

by an amendment of the current rule on reporting.

Conversion to a Food Assistance Convention

Observers of the FAC have been looking for ways to “retool” the convention to better suit current best practices. The inclusion of vouchers and cash transfers to the traditional food transfer has given rise to the call for a Food Assistance Convention. The Trans-Atlantic Food Assistance Dialogue (TAFAD), an NGO coalition, has been one of the most active voices in this debate to date. TAFAD is made up of most of the major North American and European food aid programming NGOs and issued its first proposals for a new Food Aid Convention in August 2006. TAFAD called for several major changes to the convention in the context of meeting the first Millennium Development Goal—to halve, between 1990 and 2015, the proportion of people who suffer from hunger and the proportion of people whose income is less than \$1 a day:

1. The objective of the convention should be to meet global food aid needs based upon comprehensive needs assessments, using recognized global norms such as the Food Security Assessment and Nutrition Assessment procedures outlined in the Sphere Project handbook (Sphere Project 2004).
2. The total commitments in a future convention should be adequate to meet all legitimate food aid needs, initially estimated as equivalent to a nutritionally adequate diet for 25 million people. The retention of a commitment to an amount of food rather than a cash value is an important hedge against food aid availability being negatively affected by food price increases.
3. Food aid accounted for under the convention should be solely directed to direct food transfers (or their equivalent in vouchers or cash) to food-insecure people. This would prohibit various types of food aid monetization from being accounted for under the convention (see WTO negotiations above).
4. There should be timely and transparent public reporting of all food aid activities accounted for under the convention.
5. Recipient states’ participation in the convention should include the obligation to adhere to a “Code of Conduct for Food Aid” and to play a role in mutual accountability for the effectiveness of food aid activities within their borders.
6. A multi-stakeholder technical advisory committee should be created, charged with overseeing the assessment of food aid needs and a peer review mechanism for food aid activities under the convention.

In May 2007, the German Government convened an international conference, “Food Aid—Exploring the Challenges,” which focused its attention on the future of the convention. The conference was attended by representatives of all but one of the FAC member states, ten recipient countries, and many NGOs and research organizations. The result of the conference,

dubbed the “Berlin Consensus” (Cohen and Weingärten 2007), called for the following reforms to the convention:

1. Broaden the convention to include all food assistance tools—food transfers, vouchers, and cash transfers.
2. Make the overall commitment level meaningful (related to some measure of need for food aid).
3. Provide greater transparency in commitment performance and ensure the evaluation of the quality of food aid activities.
4. Increase participation of other stakeholders, especially recipient governments.
5. More closely integrate the convention with other international food security arrangements (e.g., reform of the FAO Committee on Food Security).

In addition, the Right to Food principles related to food aid outlined in the Food and Agriculture Organization (FAO) Voluntary Guidelines on the Right to Food (FAO 2005) were discussed and largely supported, particularly as they apply to “do no harm” principles in food aid activities.

Since the Berlin Conference, discussion has continued on the possibility of an International Food Assistance Convention, particularly supported by the European Union, with interest shown by Canada. Particular challenges relate to the quantification of commitments when applied to food, vouchers, and cash, particularly if the convention is to retain its commitment to a quantity of food rather than a quantity of money.

A Further Development?—The Integration of a Human Rights Approach

Some of the member states and the TAFAD group have shown their support for a stronger human rights orientation for a new convention. The Human Right to Adequate Food, already recognized in the United Nations International Covenant on Economic, Social, and Cultural Rights, has received increasing attention in recent years. This Right to Food orientation would apply at two levels—ensuring that food aid activities do not interfere with the right to food of either the recipients or adjacent populations, and ensuring that the overall commitment is sufficient to support meeting the need for food aid. A human rights approach to food aid would include the following aspects:

Respecting and protecting the right to food

The principles of respecting and protecting the right to food do not carry any particular resource transfer elements. Practically, they involve such issues as ensuring that food aid does not negatively impact local food markets, that rations provided are nutritionally and culturally adequate, and that no groups are discriminated against in food aid distribution. Integrating this approach into the convention would require paying much more attention to the way in which food aid activities are implemented. This echoes the other calls for more attention to assessing

the quality of implementation of food aid activities. It requires that the convention develop much greater capacity to assess the quality of food aid activities in its mandate, possibly suggesting greater involvement by the World Food Programme or the FAO.

Supporting the fulfillment of the Right to Food

While the right to food places the primary obligations on the state in which food insecurity is taking place, it also stipulates that, if the recipient state can demonstrate that it is unable to fulfil the right to food in emergency situations, it should appeal to the international community. The international community then has a responsibility to support national governments to ensure that the Right to Food is realized for those facing hunger. Monitoring and meeting this responsibility could be one of the functions of the convention and would serve as a response to the call to make the total convention commitment level meaningful.

Conclusion

The renegotiation of the Food Aid Convention will provide an important opportunity to strengthen the global food security architecture as we enter an era of increasing instability in the world's food systems. It provides a tangible means of contributing to such internationally recognized goals as the first Millennium Development Goal. But the Food Aid Convention is currently like a t-shirt in a blizzard—better than nothing but certainly not up to the task. Nevertheless, the basic structure of the convention is sound, and, with appropriate and modest changes, it could become an important symbol of the international community's ability to work together to address common hunger challenges. Whether or not its members rise to this challenge will depend very much on whether political support can be successfully generated, especially in difficult economic times.

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