

FAC Backgrounder



What is the Food Aid Convention?

The Food Aid Convention (FAC) is an agreement between eight donor states¹ to provide at least a minimum amount of food aid and supporting resources each year to provide food to hungry people in developing countries. It was created in 1967 as part of the international grain trading system. Although initially concerned with regulating the impact of food aid on the international grain trade, it soon shifted to focusing on the humanitarian aspects of food aid and its role as part of the official development assistance (ODA) of rich countries. In the context of many unfulfilled aid promises by these countries, the largely consistent delivery on the FAC promises over four decades is noteworthy.

The Renegotiations of the Food Aid Convention

The current Convention was renegotiated twelve years ago (1999) in the wake of food becoming part of a regulated international trading regime. At that time many food aid donors sent food from their own countries but most have now switched to purchasing food aid as close as possible to the need. Furthermore, there is now increasing interest to provide hungry people with vouchers or cash instead of food so that they can purchase food on the local market. As the understanding of nutrition improves there is growing interest to provide specific nutritionally enhanced foods for very young children who can't gain adequate nutrition from current food aid. These activities do not currently count towards Member States food aid commitments.

After six years of annual extensions pending a new agreement on food aid at the World Trade Organization, the FAC members agreed in December (2010) to begin formal negotiations for a new treaty to replace the current Food Aid Convention. At this point, the Canadian Chair has issued a starting draft treaty based on earlier informal discussions and formal negotiations are to begin with a week of discussions in London starting on February 28. This is to be followed by a second week of negotiations in May which will be followed by a stocktaking at the regular FAC meeting in early June. While some members anticipate the conclusion of negotiations at that time, others expect more time will be required.

There are four crucial questions facing the actual renegotiations:

- Firstly, what activities beyond traditional food aid should count towards donors' commitments?
- Secondly, how should these activities be counted if new tools are allowed and if donors abandon commitments to amounts of food?
- Thirdly, what changes to the current accounting system could ensure timely reporting by members on their commitments?
- Finally, given the growing importance of global food security, how should the new treaty be linked to other important global decision-making bodies?

¹ Australia, Argentina, Canada, European Union, Japan, Norway, Switzerland and the United States

Why does the reform of the FAC matter?

The current Food Aid Convention is the only international treaty that:

- 1) makes a legal commitment to provide a **predictable amount of food and food related resources** to respond to food emergencies in developing countries. The FAC members currently commit to provide at least approximately five million tonnes of food each year, equivalent to food sufficient for about 30 million people for one year. Since the aid is counted in volume terms, these minimum levels are not affected by fluctuations in world food prices. When food prices rise (and the need often increases) this minimum amount of food aid does not decrease;
- 2) embodies a **collective response** based on a shared international responsibility among the Member States and;
- 3) provides a **guarantee insulated from changes in policies and governments** in the member states. The FAC commitment is an important political signal to developing countries.

What are the problems with the current FAC?

In addition to the four central issues in the negotiations cited above, several other reforms are needed.

- 1) The FAC's **unit of measurement, "wheat equivalent tonnes"** and the related calculations are cumbersome and no longer appropriate. This was suitable when food aid was only grain but not now that a wide range of foods, vouchers and cash are provided.
- 2) **Transparency** : partly due to the difficult tracking of commitments, there is little transparency in knowing if and how members are meeting their commitments. Until recently, this information has not been publicly available.
- 3) **Effectiveness**: despite commitments in the treaty to best practice principles for food aid, there is no mechanism to assess the effectiveness of activities carried out under the current convention.
- 4) **No needs based approach**: commitments are linked to what members want to commit rather than the actual and future needs of hungry people.
- 5) **Donors only 'club'**: membership to the Food Aid Convention is restricted to donors. Outside parties like recipient governments and civil society organizations have no possibility to contribute to the discussions of the effective use of these food resources.

TAFAD advocacy

The *Trans-Atlantic Food Assistance Dialogue* (TAFAD), a coalition of European and North American food aid providing non-governmental organizations (NGOs), has been working for the past five years to promote changes to improve the effectiveness of food aid. Our advocacy has centred on four issues:

- *Combined cash, food and nutritional commitments* sufficient to meet the needs of a specified number of people each year (i.e. maintaining the commitment to an amount of food rather than an amount of money)
- *Flexibility* to count all activities for food consumption in terms of quality (nutrition) or quantity through the use of direct food transfers (including nutritional programmes), food vouchers, cash transfers and other provisions to restart local food production.

- *Integration* of the new treaty into the wider United Nations global food security strategy so that food assistance, which is short term only, is integrated with longer term solutions to hunger and malnutrition.
- *Transparency and participation*: recognizing the strong preference by current treaty members to retain the ease of working together as donors, TAFAD advocates that the treaty commit to a regular review of food assistance activities that allows for the involvement of developing country governments and those organizations, including NGOs, charged with delivering the activities funded by the treaty members.

The threat of global food price volatility

The regular reports of the serious consequences of spiraling food prices are well known. Less well known is the effect of increasing food price uncertainty on the provision of life saving food assistance. In considering their future commitment to providing food assistance, the member states are tempted to avoid this risk by making their commitments in financial terms only. While this is an understandable preference, it simply transfers the price risk to those least able to manage it – those who don't have enough to eat.

TAFAD has been calling for a treaty which retains an overall commitment to assisting a certain number of people (expressed in a quantity of food), even if some individual members of the treaty move to a financial commitment. This would require that the members of the new treaty annually assess the amount of food provided under the treaty and make adjustments, either by adding new members or seeking additional commitments, to retain a minimum predictable level of food assistance.

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