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ISSUES IN FOOD SECURITY

Food Security and Food Aid Distribution

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Issue. Food aid is the main international safety net for many low-income countries. Food aid has been used for development purposes, but its major role has been as an instrument to offset food shortages in low-income countries, where fluctuations in domestic food production threaten food security. In these countries, internal mechanisms, such as grain stocks, are expensive, and cash reserves (to buy food imports) are often inadequate to bridge the food gaps. Therefore, food aid is expected to continue to play a crucial role in alleviating transitory shortages and in emergencies for low-income countries. With expectations of tight donor budgets, however, and reduced production surpluses due to global market liberalization, donors and recipients both are looking to improve the effectiveness of the international food aid distribution system.

Background. Food aid is used as an international instrument to reduce world hunger. It was first provided to developing countries in the 1950's as a mechanism for the United States to dispose of grain surpluses. U.S. food aid shipments have declined both in terms of volume and share of total U.S. exports since the 1960's. While the United States is by far the largest donor, its share has

declined over the last three decades. During 1995-99, the United States, the European Union (EU), Canada, Japan, and Australia were the major food aid donors (see table). The United States contributed the most, providing about 52 percent of total cereal aid, followed by the EU with 16 percent and Canada with 5 percent. World food supplies influence the level of food aid. The worldwide shortage of grain in the early 1970's, for example, reduced food aid shipments to their lowest level: 6 million tons in 1973.

All donors cite humanitarian relief as their basic food aid distribution criterion, but economic and political considerations have also played important roles in allocation decisions. The commodity mix of food aid usually reflects the export profile of the donor country and tends to vary with yearly fluctuations in availability.

Despite wide-ranging debate on the positive (additional supplies) and negative (production disincentive due to decline in local prices) effects of food aid, the general con-

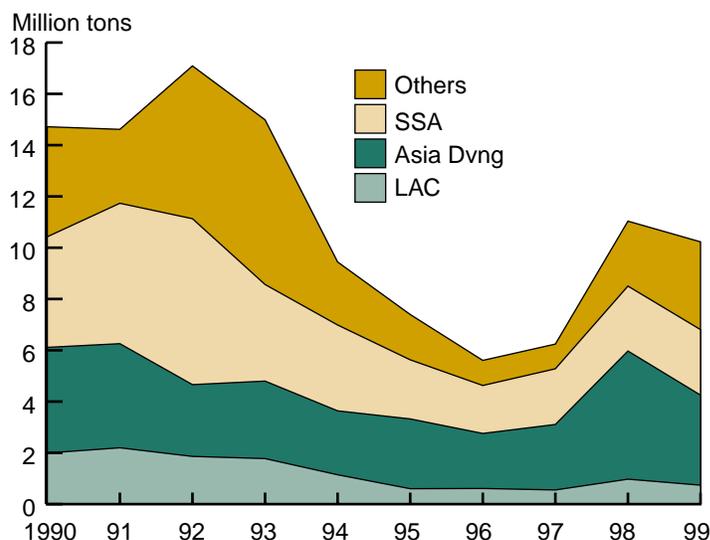
Table 1—Volume of cereal food aid contributions by donor¹

Country/region	1995/96	96/97	97/98	98/99	99/00
	<i>1,000 tons</i>				
Australia	181	170	296	267	264
Canada	436	373	384	332	349
European Union	1,731	1,099	890	1,572	1,324
Japan	821	292	356	936	303
United States	3,037	2,273	2,787	6,390	6,693
Total	7,397	5,605	6,241	11,034	10,228

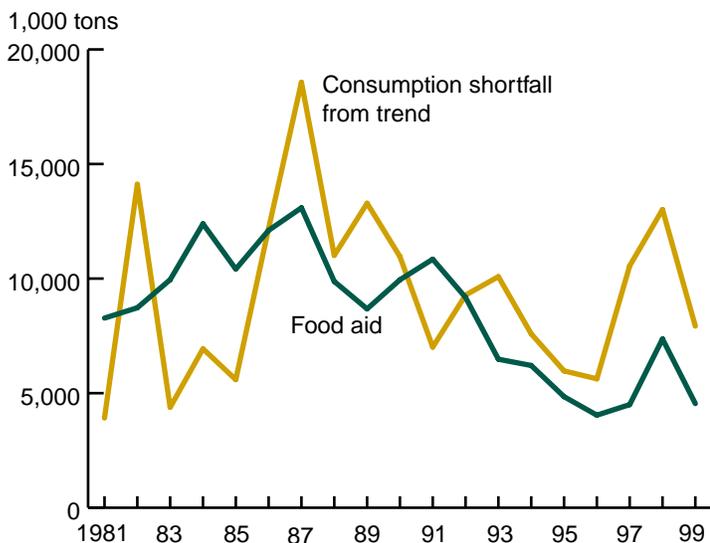
¹July/June years.

Sources: United Nations Food and Agriculture Organization.

Cereal food aid recipients



Consumption shortfalls and food aid in 62 low-income countries



sensus is that food aid is beneficial for relieving transitory and emergency food insecurity. During the last two decades, food aid clearly had a significant role in reducing loss of life during food emergencies in countries such as Sudan, Ethiopia, Somalia, Rwanda, and Haiti. To quantify how food aid responded to transitory food insecurity, we examined food consumption (grains) of 62 low-income food aid recipients (41 African countries, 10 Asian countries, and 11 Latin American countries). We calculated the annual consumption shortfall in each country, that is, the amount by which consumption (excluding food aid) fell below the 1981-99 trend. (These shortfalls are often described as “transitory food insecurity.”) The summation of the shortfalls across countries is the amount of food that was required to prevent a decline in consumption. Over the 18-year period, food aid, on average, covered 92 percent of the consumption shortfalls (see chart).

This means that cumulative quantities of food aid during 1981-99 were equal to 92 percent of consumption shortfalls of the countries. In principle, the volume of food aid should have matched the magnitude of transitory food

insecurity. In practice, however, food aid followed a declining trend while consumption shortfalls varied annually. In 1981 and 1983, food aid received by countries was double the consumption shortfalls, while, in 1997, it was less than half. The overall level of food aid trended down after 1991 and covered less than 60 percent of the consumption shortfalls from 1991-99. During the 1990's, the regional average food aid share of the African and Asian countries was roughly 30 percent, and 11 percent for the lower income Latin American countries.

Alternatives. Global demand for food aid is outpacing world availability, and food aid supplies are not expected to increase significantly in the near future, as foreign aid budgets remain tight. Food aid allocations reflect not just the needs of recipient countries but also donor priorities—in the commodities they provide and their political and economic goals. In addition, current patterns of supply and distribution of food aid are sometimes sub-optimal in terms of timing and benefits.

The ideal strategy would balance the goals of both recipients and donors. Removing political and economic objectives outright could reduce the support of interest groups among donor countries and lead to a reduction of food aid budgets. The growing role of multilateral institutions and their use of needs criteria as a basis for food aid allocations have in fact reduced the role of politics in the distribution of food aid. The multilaterals can also encourage countries without food surpluses to donate cash, thereby providing a more flexible commodity mix by reducing dependence on commodity surpluses from donors. The program could be more effective in improving food security if the multilaterals and individual donor nations coordinated better with one another and adhered to common and transparent criteria for distribution of food aid.

Information Sources. *Food Security Assessment 2000* (<http://www.ers.usda.gov/publications/gfa12/>) of developing countries published annually by ERS.