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**FOOD AID PROGRAMMES OF
THE EUROPEAN COMMUNITY
AND ITS MEMBER STATES:
A COMPARATIVE STATISTICAL
ANALYSIS**

Edward Clay and Charlotte Benson

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WORKING PAPER 72

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Edward Clay and Charlotte Benson

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Summary

The EC is second only to the USA as a food aid donor, globally accounting for 20% of commodities and a third of donor expenditure. Community aid is organised by the EC Commission and the remainder bilaterally by the twelve member states.¹ This paper quantifies the main features of the EC food aid programmes, concentrating on the effects of the policies of the Community and member states on the level, composition and destination of food aid flows. Particular emphasis is placed on comparisons between the various programmes and the extent to which they duplicate or complement each other. The aggregate consequences of actual programmes for global food security are examined. They are also compared with the pattern of flows which would have resulted had the Community programme been mirrored by that of each member state programme. This scenario illustrates the possible consequence of 'convergence' of EC food aid programmes, over-riding the specific factors influencing individual EC member state programmes.

The main findings include:

1. There has been a gradual shift in EC food aid from National Actions of member states to Community Actions, organised by the Commission and funded out of compulsory and additional voluntary EC funds.
2. There is a lack of 'coherence' in the actions of the individual member states in terms of the allocation of food amongst recipient countries, the choice of institutional channels for implementation and the selection of commodities. Some systematic differences emerged between 'northern' and 'southern' states. 'Northern' states are more likely to fund acquisition of food in developing countries for food aid programmes and undertake a higher proportion of multilateral and NGO actions. In contrast, 'southern' states provide cereals grown domestically, primarily bilaterally from government to government rather than through multilateral or NGO actions.
3. There is some 'convergence' in bilateral aid practice in terms of:
 - a reduced share of programme aid for sale and an increased share of emergency aid for free distribution; and
 - joint, loosely coordinated actions in response to increasingly common regional emergencies.

¹ For the purposes of this paper, the term EC is used throughout to refer to the European Community and the, currently, twelve member states (Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain and the United Kingdom), regardless of when they actually joined the EC.

4. The commodity composition of National Actions was congruent with producer and food processor interests in several member states, for example, cheese from Denmark, wheat flour from France, rice from Italy and so on.
5. The quantifiable implications of a hypothetical shift from national to Community action include a regional redistribution, more programme aid and a reduction in multilateral channelling of food aid.
6. The levels of EC food aid are, in contrast to those from major wheat exporting countries, not negatively correlated with international prices, making a modest positive contribution to global food security.

Issues for Analysis

There have been a number of studies and evaluations of European Community Action food aid and the food aid programmes of individual member states.² However, to date no attempt has been made to consider these programmes together. The first objective of this paper is, therefore, to establish patterns and trends in EC food aid. Both Community Action food aid, administered by the European Communities Commission (ECC) on behalf of the European Community, and National Action food aid, provided by the twelve member states, are considered.

The EC's institutional arrangement of parallel responsibility for cereals food aid, initially as a 1+6 and currently as a 1+12 arrangement, is unique. This arrangement dates from 1967 when the EC made a commitment to provide minimum annual quantities of cereals food aid as part of the first Food Aid Convention, itself part of a wider international grains agreement. The Community then divided that responsibility between Community Action, with supervision by the Council of Ministers of member states, and National Action, broadly proportional to each member's economic size. Subsequently, dairy and other non-cereals aid began on a regular basis, largely as a Community affair, closely linked to overall management of internal markets through subsidised disposal and storage.

The 1+12 arrangement and its outcomes illustrate the consequences of the adoption by the EC of the principle of parallel competence in development cooperation, i.e. of deliberately assigning partial responsibility to the Commission and partially delegating responsibility to individual member states. Such an arrangement is a characteristic feature of EC development cooperation, implying that there is an effective capacity to handle aid programmes at a level below that of the Community as a whole. Had what has come to be known as the principle of subsidiarity been strictly applied, this might have resulted in food aid being handled

² See, for example, Netherlands Development Cooperation (1991).

entirely by member states. Instead, the Community embarked on a course of establishing and then promoting competence at Community level.

The second objective of this paper is to examine the possible impacts of 'convergence' on the pattern of aid provided by the Commission and the member states. This concept of convergence was articulated in the negotiation of the Maastricht Treaty on European Unity. For example, the former Director General for Development with the Commission envisaged that a more coherent development cooperation policy would require coordination and even integration of aspects of EC aid (Frisch, 1991). The impact of convergence is examined hypothetically in this paper by considering the effect of channelling all EC food aid as Community Action, on the basis of 'existing' Community policies, on:

- relative allocations between bilateral and multilateral channels;
- commodity composition;
- regional and country allocations; and
- utilisation of food aid (programme, project and emergency aid).

This exercise quantifies the differences between the current aggregate consequences of the 1+12 arrangement and the possible implications of a single Community programme. It should be borne in mind, however, that in reality, if there were a single programme, then pressures would probably be brought to bear to allocate resources differently between channels, uses and countries than as currently allocated under the Community programme.

Convergence could have a significant impact on the characteristics of the total EC food aid programme, as there is currently little effective coordination of the basic annual food aid allocations made by individual member states and the Community. The member states have a role in determining the scale and content of the Community's food aid programme through their involvement in the Food Aid Committee. This committee, which is chaired by the Commission and composed of representatives of the member states, examines the Commission's proposed allocation of Community food aid on a country by country basis. The Committee also facilitates regular exchange of information on food aid programmes of the member states. However, in reality, there is essentially a one-way flow of information from the Commission to most member states. The Working Group for Food Aid of the Development Committee of the EC Council of Ministers is another context for coordination. In moments of crisis, this Working Group has become active, for example at the time of the Dublin Summit in 1984, in responding to the Africa food crisis.

Origins and Growth of EC Food Aid

Origins: the US campaign for food aid burden sharing, 1961-7

Until 1970, 90% of food aid commodities were provided by the United States. However, by the mid-1970s that share dropped to under 50%, and food aid had become a multi-donor matter. In the 1980s, the EC provided over 20% of global food aid in volume terms and around a third in value terms, the difference owing to the importance of expensive dairy products in the EC food basket and provision of its food wholly on grant terms, in contrast to the USA. Over the past twenty years, there has also been a striking growth in the share in EC food aid of Community Action, administered by the Commission. This section of the paper briefly summarises how these developments occurred.³

International flows of food aid, beginning after the Second World War, largely consisted of the supply of US foodstuffs to Europe under the Marshall Plan. US food aid programmes for developing countries were formally initiated in 1954 with the passing of the Agricultural Trade Development and Assistance Act, usually known as Public Law 480, which permitted the shipment of large scale supplies of surplus food stocks to food-deficit countries. European food aid was begun on a small scale in the early 1960s, with the occasional provision of food aid on a bilateral basis, largely in response to specific emergencies, by original signatories to the Treaty of Rome, as well as by future EC member states such as Denmark and the United Kingdom.

With the establishment of the World Food Programme (WFP) in 1963, as the only multilateral body concerned exclusively with food aid, both the EC, and also the European Free Trade Association (EFTA), countries were drawn, for the first time, into providing food aid on a regular basis. The US played a major role in establishing this programme, initially providing approximately three-quarters of the WFP's resources, in part to provide additional windows for US surplus commodities. The US administrations of Kennedy and Johnson also sought a wide basis of support for WFP, with some burden sharing by the increasingly prosperous Western European states. From the outset, Germany and the Netherlands in particular, but also France, Italy and future EC member states, Denmark and the United Kingdom, began to make regular pledges of both commodities and cash resources to WFP (Wallerstein, 1980).

³ In the early 1990s, both the global share of the EC and the share of the Commission administered actions in EC food aid have increased further, largely because of the major role of the EC in providing food aid to Eastern Europe and the former Soviet Republics. A detailed analysis of these developments is beyond the scope of this paper.

During the Kennedy Round GATT negotiations of 1966–7 a further US initiative resulted in additional regular food aid commitments from the EC and other rapidly growing OECD economies. In order to achieve a wider GATT agreement, which encompassed industrial products and also, for the EC, tacit acceptance by the USA of the relatively new Common Agricultural Policy (CAP), the EC, together with EFTA states and Japan, agreed to enter into formal commitments to provide minimum amounts of cereals, or the cash equivalent, annually under a Food Aid Convention (FAC). This Convention was formally part of the International Grains Agreement of 1967, in turn part of the wider Kennedy Round process. US trade negotiators, at least, explicitly identified their underlying objectives of improving US trade prospects by partitioning world markets with more concessional supplies of food being provided by other exporters, Australia, Canada and the EC. The involvement of the EC, EFTA states and Japan, brought a further element of ‘burden sharing’ in the financing of food aid flows. Further Food Aid Conventions were signed in 1971, 1980 and 1986 (Parotte, 1983).

The FAC provided a formal basis for bilateral food aid programmes of EC member states and marked the beginning of the Community’s own food aid programme. Signatories to the Convention, such as the Community and the United Kingdom, were then also obliged retrospectively to work out institutional arrangements for this new form of aid on a regular basis (Mettrick, 1969; Wallerstein, 1980). The EC, having made a collective agreement to provide food aid, also had to devise some internal administrative and financial burden sharing arrangement. The European Council apportioned this commitment, 20% to be managed by the Commission and 80% as national actions, divided roughly in proportion to member state contributions to the EC budget. The Community institutions and member states then established separate arrangements for meeting these commitments. These arrangements were made as a result of trade negotiations, involving agricultural ministries and the Directorate General for Agriculture (DGVI), but not aid agencies. Consequently, agricultural agencies continued to be an important institutional feature of EC food aid policy and to play a significant role in organising food aid. For example, an official from DGVI rather than from the Directorate General for Development (DGVIII) was the leader of the EC delegation to the International Wheat Council based Food Aid Committee, which met twice yearly to review the performance of signatories. The mobilisation aspects of Community Action, that is the acquisition of commodities and organisation of shipping, was also the responsibility of DGVI until 1986.

The third important factor in the expansion of the EC food aid programme arose directly from the management of the CAP. The success of the CAP in promoting agricultural growth within the Community was quickly reflected in the build-up of surpluses in the European market, especially of dairy products. In 1969 the Community decided to provide dairy products as food aid as one way of managing these surpluses. As the surpluses were a Community problem, the dairy products

were provided from the outset almost entirely as Community Action food aid, organised by the Commission.

Until the 1980s, the different origins of the Community's cereals and dairy food aid programmes were reflected in separate organisational arrangements for their mobilisation. Cereals food aid, as a treaty obligation, required the involvement of the Council in determining the sharing of responsibilities. But considerable latitude was left to the individual states in deciding how these responsibilities ought to be handled and in taking decisions about the overall total and allocation process. The elements of common practice were limited to the ways in which national cereals intervention agencies were required to seek refunds from the Community's agricultural budget of 'restitution' payments attached to exports as food aid. National cereals intervention agencies also acted for the Commission tendering of Community cereals aid actions.

By contrast, dairy aid was largely a Community matter from the outset. Decisions on the overall size of the annual programme and commodity composition were closely linked to management of the dairy market by DGVI, which involved commercial exports and subsidised internal disposal as well as food aid actions. Some member states, notably Denmark, Germany and the Netherlands, have also provided small scale dairy aid to WFP and to other UN agencies for relief operations.

A separate but tiny group was established in DGVIII to plan and manage the annual food aid programme, negotiating with potential recipients, allocating commodities and monitoring the implementation of actions. Only in 1983 were country desk officers given programming responsibilities for food aid. At a country level Delegations had no direct involvement in the food aid negotiations and tended to regard this matter, in contrast to Lomé cooperation, as a Brussels responsibility. In addition, up to 1982 not only the annual budget but also individual actions had to be approved by the Council represented in the Food Aid Working Group.

The European Community's cereals food aid programme and the dairy aid programme were financed as titles of the European Community budget separate from other aid programmes. These arrangements were probably partly determined by the way in which internal markets were managed, with cereals handled by national intervention authorities and with dairy intervention, including special disposal mechanisms such as the pig and calf feed subsidies, organised on a Community-wide basis. These arrangements eventually resulted in relatively large Community food aid programmes for cereals and also dairy products.

Member state national action programmes have broadly reflected the scale of their relative contributions to Community resources with adjustments to take account of availability of cereals for export. Thus there have been relatively large French and German programmes, with more modest programmes operated by economically

smaller member states. The annual obligations of economically smaller states such as Belgium and Luxembourg and more recent EC entrants, Greece, Ireland and Portugal (Table 1), have amounted to no more than quantities of grain that could be loaded on to a single bulk carrier of 30–50,000 tonnes and shipped, for example, to Egypt or Bangladesh with little impact on the multi-million tonnes import programmes of these countries.⁴

Growing pains

International developments have also influenced the evolution of EC food. First the so-called World Food Crisis of the early 1970s, a period of instability in world food markets, occurred just as the new food aid donors were launching their programmes. The EC and member states thus found themselves meeting their new food aid obligations in the context of severe demand side pressures in developing countries and sharply higher world cereal prices. Although the cost to the European aid budget rose sharply, the effect on the overall commodity costs of purchases within the protected European market were far more limited. EC food aid increased, in contrast to the sharp reduction from traditional cereal exporters. Rather it was administrative and policy problems, discussed below, which acted as a constraint on actual shipments of European food aid during this period.

During the 1970s, the basic structures of the Community's food aid programmes remained unchanged, although as new members joined the Community, they were obliged to accept part of the EC commitment under the FAC. For example the UK, a signatory to the 1967 but not the 1971 Convention, accepted responsibility for part of the EC's minimum contribution under the latter convention when it joined the Community in December 1972. The food aid budgetary commitments of member states expanded with the growth of the Community Action programme and, again, after 1980 with the increase in total Community minimum contribution under the third Food Aid Convention.

During the late 1970s and early 1980s the now well established European Community food aid programme became the focus of increasing criticism. There were repeated delays in determining the size of each annual programme and the allocations to individual recipient countries. A variety of factors conspired to add further delays in mobilisation. In addition, there were many reported problems concerning the condition of commodities on arrival and their utilisation in developing countries. All these difficulties became a regular target of criticism in annual and special reports of the European Court of Auditors. The European Community Programme acquired a reputation for slowness and unpredictability in

⁴ In 1989–90 Egypt imported 8.6 million tonnes of cereals, 1.2 million tonnes as food aid, whilst Bangladesh imported 1.7 million tonnes, 1.1 million tonnes as aid.

Table 1: Cereals food aid and Food Aid Convention (FAC) minimum contributions
(^{'000 tonnes, annual averages)}

	<i>Cereals food aid in wheat equivalence^a 1987/8-89/90 (annual average)</i>	<i>FAC annual minimum contributions in wheat equivalence 1986-91^b</i>	<i>Cereals aid in wheat equivalence as % of FAC minimum contributions 1987/8-9-90</i>
EC Community Action	1,765	928	190
EC member states	1,152	742	155
Belgium & Luxembourg	35	43	82
Denmark	47	16	300
France	226	200	113
Germany, FR	302	194	156
Greece	6	10	59
Ireland	3	4	67
Italy	195	95	204
Netherlands	156	50	310
Spain	40	20	199
UK	144	111	130
EC TOTAL	2,916	1,670	175
USA	7,030	4,470	157
Nordic countries	198	95	208
Others	2,802	1,282	219
TOTAL	12,946	7,517	172

Source: Adapted from *Food Aid in Figures*, FAO, Rome (various).

Notes: ^a Shipments by agricultural year, July-June.

^b The division of minimum contributions of the EC between Community Action and National Action represents a decision by the EC Council of Ministers.

delivery within the development assistance community, a reputation that was in turn picked up on by non-governmental organisations (NGOs) and academics as European awareness of food aid issues increased.

There were two overt and indisputable indicators of the policy and organisational difficulties of European Community food aid. First, the EC was repeatedly unable to deliver its FAC minimum contribution within the July–June agricultural year and regularly reported the late completion of obligations. Second, delays, especially in dairy aid actions, made it necessary to carry forward regularly commitments made under one financial calendar year to subsequent years.⁵

EC food aid reforms

Under the spotlight of continuous criticism, a sequence of measures was taken to make Community food aid more effective, including administrative reorganisations and restatements of policy. The Commission responded to the shortcomings in programming and implementation, particularly following the appointment of Edgard Pisani, a former French agriculture minister, as Commissioner for Development in 1982, with administrative and policy reforms supported by the Council and Parliament (ECC, 1982). Responsibility for food aid was placed in 1983 within the division in DGVIII responsible for agricultural development. Country desk officers were given responsibility for programming food aid in conjunction with the food aid group in DGVIII. A new policy of linking food aid whenever possible to national food strategies aimed at increasing self-reliance in food was promoted (ECC, 1983a; 1983b).

The sequence of changes culminated in the Council 1986–87 regulations drawing together responsibilities for policy, management and mobilisation of food aid within DGVIII in a separate food aid unit. Under these new policy, management and mobilisation regulations food aid was explicitly delinked from the management of Community surplus production (ECC, 1986; 1987). Neither DGVI nor the intervention boards of member states were to have any further direct role in organising the mobilisation of commodities. Increased emphasis was also placed on acquisition of commodities in developing countries as part of the overall shift of emphasis towards the developmental and humanitarian objectives of food aid. However, in reality, the delinking of aid and agricultural policy was still incomplete. The policy and management regulation required that ‘products shall

⁵ For example, in a study in 1981 of the costs of EC food aid (Clay and Mitchell, 1983), the authors were obliged to select the Annual Programme for 1978, involving cereal commitments in the year July 1977–June 1978 and dairy commitments budgeted in the financial year January–December 1977, as the most recent annual programme under which shipments and payments were virtually complete.

normally be mobilised on the Community Market' (ECC, 1986). In an understanding between DGVI and DGVIII this requirement was interpreted as setting a limit of 10% of the total budget on food purchases in developing countries. This restriction was made in response to still powerful agricultural interests within the Commission and Council (Chalker, 1992). Although the Community had also committed itself to reducing the scale of dairy aid (ECC, 1983b), dairy commodities continued to loom large in Community food aid expenditure, declining from two-thirds of commodities in the early 1980s to under 40% in the late 1980s.⁶

Another important feature of the changes during the 1980s was a reduction in the role of the Council in Community Action food aid decision making. A Food Aid Committee chaired by the Commission was established in 1983 (ECC, 1982). The Council continued to agree the overall level of commodities and the budget but was no longer being directly involved in decisions concerning the scale and content of individual recipient country programmes. The Commission also initiated and obtained approval for special actions which allowed the substitution of food aid for financial assistance to the food sector in instances where food already budgeted was no longer required because of changing local circumstances. The overall direction of change was therefore to make the European Community programme *relatively* more autonomous of narrower agricultural and individual member state policy interests. The increasing readiness of the Council to give responsibility to the Commission for the greater part of European response to major regional crises in 1984/85 and again in 1991/2 is indicative of a slow but eventually considerable change in perceptions about the European Community food aid programme. The programme has evolved from being little more than an inefficient appendage to agricultural market management to being a major instrument of Community development and humanitarian policy.

Published policy documents as well as the patterns in food aid considered below indicate similar trends in the food aid of most member states. There is continuing emphasis on giving food aid a more developmental orientation and making the provision of commodities more responsive to recipient requirements through acquisition outside of the EC market (BMZ, 1989; Chalker, 1992; Netherlands Development Cooperation, 1992; Pinstrup-Andersen, 1991).

⁶ In financial year 1989 the shares of different commodities in Community Action expenditure were — cereals 51%, dairy products 37%, vegetable oil 5% and other commodities 6.4%.

EC Food Aid in the Global Context⁷

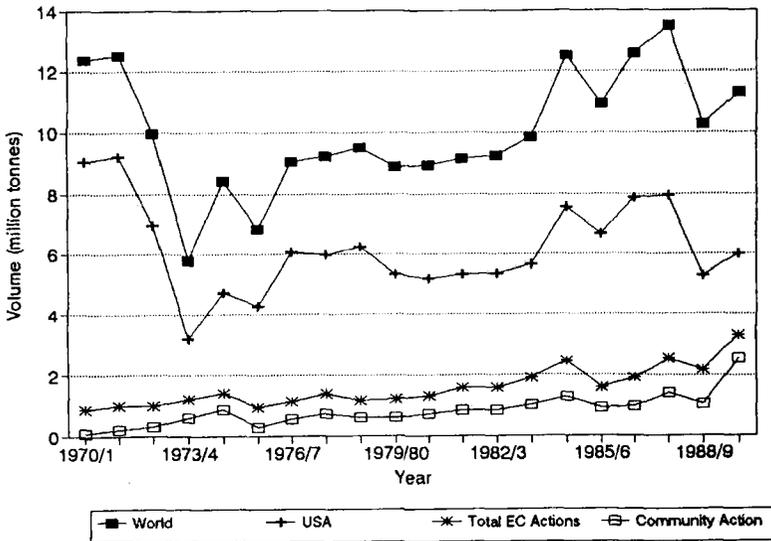
Trends in food aid flows

Overall trends in global food aid have been broadly as follows. Large scale food aid to developing countries began in 1954. Cereals food aid reached all-time record levels in the mid-1960s of 18 million tonnes, almost entirely under the United States PL 480 Programme. Indeed, until the late 1960s, the USA accounted for 90% of food aid in volume terms and over three-quarters in value terms. Shipments then declined to under 6m tonnes in 1973/4, during the 'world food crisis' (Figure 1). Annual levels of shipments bounced back again in the late 1970s to some 9m tonnes, close to the 1974 World Food Conference target of 10m tonnes. Levels of shipments rose again in 1984/5 to around 12.5m tonnes, reflecting an additional donor response to the African food emergency, also made easier by the depressed world cereal market. Shipments then fluctuated close to this new baseline in the late 1980s, in response to varying requirements, especially emergency operations in sub-Saharan Africa and market conditions. During the early 1990s, aid commitments to Eastern Europe and the former Soviet Republics, which began on a large scale in 1989, and further emergencies in Africa, pushed levels of food aid even higher.

The European Community and most member states started regular programmes during the 1960s with the signing of the FAC in 1967. Under this first FAC, the EC made a commitment of 1.3m tonnes a year, representing 30% of total commitments of 4.2m tonnes, with the US committing some 1.9m tonnes. By 1970, only three of the current 12 member states, Greece, Portugal and Spain, remained without some form of food aid programme. The Spanish programme was begun in 1980 when Spain became a signatory to the 1980 FAC. Greece also began to provide a small amount of food aid after its entry to the EC in 1983/4 (Table 1). Even Portugal has now established a food aid programme providing a small amount

⁷ The analysis of longer term trends is based on the FAO series for cereals food aid reported by agricultural year, July–June, since 1970–1. The analysis of the commodity composition of food aid presented in this paper is based on FAO data for 1987–90, which defines the donor as the original source of food aid or funds for the purchase of food aid (to be revised using INTERFAIS data for 1990–2 in due course). The analysis of recipients and uses is based on WFP data, available for the period 1989–91, which defines the donor as the organisation responsible for the geographical allocation of food aid. The financial analysis of food aid as official development assistance is based on OECD Development Assistance Committee data.

Figure 1: Cereals food aid, 1979/80–1989/90



of food aid in 1991.⁸

Between 1968 and 1974 the EC gradually increased its share of global food aid flows. EC food aid even continued to rise through 1973/4 despite massive price increases on world markets and the decline in global food aid. By 1973/4, the EC accounted for 21% of cereals food aid, compared to 10% in 1972/3, making it the second most important source of food aid.

From the mid-1970s, annual shipments of cereals aid from the EC followed global food aid trends, with the Community retaining its position as the world's second largest source (Figure 1). New record levels of food aid were reached in 1984/5 in response to the Africa crisis. With a further expansion in EC food aid in 1989/90, largely reflecting the new Polish programme, the EC's share in global food aid rose to a record 29%, with Community Action alone representing 23%. During the same year, the USA provided 53% of shipments, with Canada, Japan and Australia together accounting for 15%.

⁸ Portugal was itself a recipient of US food aid until 1980/1, in part payment for the siting of US bases on Portuguese territory.

Overall trends in non-cereal food aid, largely vegetable oils and dairy products, have shadowed movements in cereals aid since the early 1970s, although amounts provided have also been much more sensitive to the short term supply factors (Table 2). Globally, non-cereals have been less important than cereals, accounting for only one-tenth of the volume and one-third of the value of food aid in the 1980s (Netherlands Development Cooperation, 1991). However, the EC alone has accounted for more than half of skimmed milk powder aid, the most important non-cereal in value terms until 1987, with over 90% provided as Community action. The USA, which had been an important source of skimmed milk powder in the 1960s, also began to provide large scale aid again in the late 1980s, with measures to dispose of stocks. The EC has been the main provider of butteroil globally, but a relatively unimportant source of vegetable oil.

Food aid as an aid transfer

Food aid is largely planned, organised and analysed in physical terms — in relation to recipient food balance sheets, FAC obligations, tonnages to be acquired, shipped, distributed and so forth. But food aid also represents a substantial resource transfer funded from the aid and agricultural budgets of donor countries and is an element in balance of payments and budgetary support to recipient countries. The appropriateness of monetisation, i.e. the sale of emergency and targeted project aid, and the management of counterpart funds arising from such sales, have become important issues in food aid policy and various donor–recipient relationships.⁹ Food aid is also increasingly perceived as a more fully costed resource which competes with other activities in aid programmes, implying that cost and effectiveness have become issues of increasing concern. For these reasons, food aid deserves closer scrutiny as an aspect of official development assistance (oda), as a financial cost and as a resource transfer.¹⁰

Between 1970 and 1989 gross food aid flows accounted for 10.2% of total oda of DAC members, although gradually declining over the period from 17% of oda in

⁹ These issues were also important in the 1960s when significant quantities of food aid were monetised under the US PL 480 programme, for example in India. They have re-emerged as being of particular interest in the late 1980s as increasing attention has been placed on macro-economic management in the context of structural adjustment programmes and as new assistance instruments also entailing the constitution of counterpart funds have been used.

¹⁰ Official development assistance is defined as grants or loans undertaken by the official sector with promotion of economic development or welfare as a main objective and with at least a 25% grant element.

Table 2: Dairy and vegetable oil food aid (tonnes, annual averages)

	<i>SMP</i>		<i>Other dairy products</i>		<i>Vegetable oil</i>		<i>Butter oil</i>	
	<i>1977-9</i>	<i>1987-9</i>	<i>1977-9</i>	<i>1987-9</i>	<i>1977-9</i>	<i>1987-9</i>	<i>1977-9</i>	<i>1987-9</i>
EC Community action	122,345	102,086	-	-	-	25,258	43,926	23,305
Belgium & Luxembourg	567	-	-	-	-	-	--	-
Denmark	-	-	1,616	-	233	353	408	-
France	-	286	-	98	-	2,252	-	215
Germany, FR	3,174	3,198	-	10	902	6,705	1,269	200
Greece	-	-	-	-	-	-	-	-
Ireland	1,406	525	-	-	-	-	-	-
Italy	-	330	-	24	-	1,459	-	-
Netherlands	4,007	5,766	3,967	973	1,612	4,401	1,372	-
Spain	-	-	-	-	-	-	-	-
UK	6,621	-	-	-	-	-	-	-
EC TOTAL	138,120	112,192	3,613	1,104	2,747	40,428	46,976	24,090
USA	64,933	126,958	17,439	35,386	184,104	473,168	-	7,158
Nordic Countries	317	1,568	792	837	10,474	25,460	-	2,445
Others	26,218	11,736	6,821	2,057	39,754	66,344	909	352
TOTAL	229,587	252,454	28,664	39,384	237,079	605,401	47,886	34,044

Source: FAO, various.

1970–74 to only 8% during 1985–9.¹¹ This relative decline was largely accounted for by reduced levels of US food aid.

Food aid represented 24% of Community Action aid between 1970 and 1989, although only 14% during 1985–9. In contrast, food aid accounted for 5.5% and 5.0% respectively of member states' ODA over the same two periods. Those proportions underline the extent to which European food aid is a Community issue and slowly declining in importance within ODA. Unfortunately, it is difficult to make more precise comparative estimates of EC and member state ODA in the form of food aid because of variations in the accounting and reporting by member states of contributions made to the EC Community Action as part of their total ODA. For example, some appear to have consistently reported their contribution as part of national ODA (e.g. Germany, UK) whilst others have not (e.g. France, Italy). There is also incomplete reporting of bilateral food aid. For example, France appears to have substantially under-reported its national action food aid in the 1980s.¹²

EC Food Aid: a detailed analysis of patterns and trends

Overall trends

Some of the broader and evolving features of EC food aid are identified below. The analysis focuses in particular on cereals aid in relation to the Food Aid Conventions, the commodities selected for provision, regional and country allocations, the choice of institutional channels and end uses. The analysis is primarily undertaken in terms of comparisons between three year annual average levels of aid flows for the late 1970s and the late 1980s. This is because there can be large year to year changes in the scale and shares of components of annual flows, especially for smaller donors resulting from the timing of one or two shipments.

Some broadly consistent and systematic patterns are observed which appear to reflect the interaction of international and intra-Community factors in shaping both Community and member states food aid programmes. A fuller description of the complex and changing patterns of food aid resulting from a dispersion of responsibilities amongst thirteen centres of decision making is beyond the scope of this short study.

¹¹ The OECD have discontinued the publication of food aid expenditures after 1989 in its Annual Development Cooperation Review.

¹² The OECD Development Cooperation Review for 1990 does not show any French expenditure on bilateral food aid in 1989, whereas the WFP *Food Aid Monitor* reports 277,000 tonnes of bilateral food aid in 1989 and 96,000 tonnes in 1990.

Within the EC, the most striking trend in cereals food aid has been the increasing role of Community Action (Figure 1). The Community's share of EC cereals aid increased from 22% during 1970/1–1972/3, to 54% during 1980/1–1982/3 and 62% during 1987/8–1989/90. The relative contributions of individual member states in terms of cereals aid has remained unchanged since the 1970s (Table 1). Germany and France are by far the largest donors in volume terms, with Italy, the UK and the Netherlands next in importance, although the exact rankings of donors has varied between years.

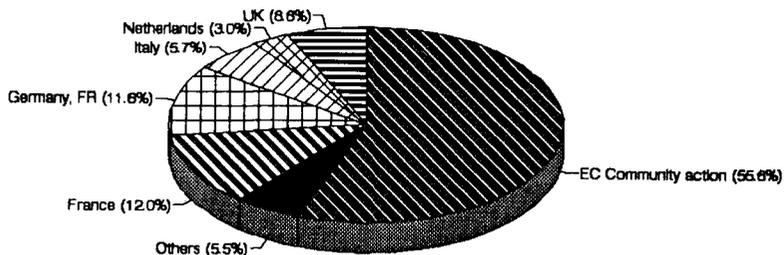
Cereals aid and the Food Aid Convention Since the 1980 Food Aid Convention, the EC has been responsible for providing at least 1.67m tonnes of cereals food aid per year, 22% of the 7.6m tonne global commitments (Table 1). Some 56% of this EC contribution is a Community responsibility, with France and Germany each accounting for some 12%, the UK 7%, Italy 6% and the Netherlands 3% (Figure 2a). In comparison, shares in actual EC shipments in wheat equivalence during 1987/8–1989/90 were 61% as Community Action, with Germany accounting for 10%, France 8%, Italy 7%, the Netherlands 5% and the UK 5% (Figure 2b). These differences reflect considerable variations in the practices of the Community and member states, as well as other donors, in terms of the extent to which they overfulfil their cereal obligations under the FAC.

The Community has regularly exceeded its FAC obligations, even excluding food aid to Eastern Europe and the former Soviet Republics since 1989 which cannot be counted as part of commitments under the FAC. Community Action was 130% of commitments during 1987/8–1989/90. Over the same period Germany provided 146% but France only 112% of their FAC commitments, whilst the member states overall provided 130% of their total commitment. Those EC member states providing cereals aid close to their FAC commitments have typically had lower inter-year fluctuations in cereals aid levels.¹³

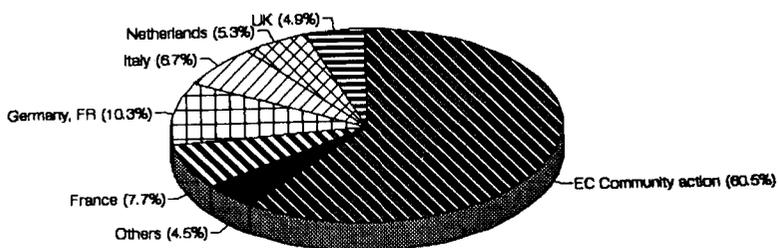
¹³ FAC obligations are defined in wheat equivalent, but rice is counted at a premium (1 tonne rice = 2.4 tonnes wheat) because of world prices, two to three times those of wheat and coarse grains. Rice appears relatively more important under the FAC than when measured in grain equivalent, as is normal practice in food balance sheet estimates.

**Figure 2: Cereals food aid:
distribution between Community and national actions**

**a: EC FAC annual minimum contributions since 1986
in wheat equivalence, 1986–91.**



**b: Percentage of cereals food aid shipments
in wheat equivalence, 1987/8–1989/90**



Source: Table 1, *ibid.*

*Commodity composition*¹⁴

Within the broader context of a gradually expanding EC food aid programme and a relative shift toward Community Action, there have been substantial variations in the commodity composition, or relative mix of commodities provided as food aid both between donors and over time. Initially, Community Action was largely a dairy programme in expenditure terms. Gradually cereals aid has displaced dairy production both in programming and expenditure. Coarse grains, largely acquired in developing countries, and vegetable oil, have become more significant. The details of the pattern of commodities provided are considered in terms of both Community Action and member states. An interesting feature of Community aid is the influence of internal and external criticisms on the flow of dairy aid.

Cereals food aid In a comparison of annual average shipments for the three year periods 1977/8–79/80 and 1987/8–89/90, total EC cereals aid increased by 116% (Table 3). Over the same period, global cereals aid rose by 27%, implying an increase in the EC's share of global food aid from 14% to 23%.

During 1987/8–1989/90, wheat accounted for 76% of EC cereals aid, with a further 18% in coarse grains and 6% in rice. Wheat featured particularly heavily in the Community programme. All Irish and Greek food aid was also in the form of wheat. Coarse grains, mostly acquired in developing countries were relatively important in the Dutch (65%), German (30%), UK (27%) and Italian (21%) programmes.¹⁵ Domestically acquired rice featured particularly in the Italian programme (33%), and developing country sourced rice in the Danish (23%) and Netherlands (19%) programmes. The importance of wheat in Community Action partly reflects the internal Commission understanding to source 90% of food aid from exportable surpluses, despite policy initiatives to reduce this link.

Non-cereals Food Aid Community Action is the main source of non-cereals EC food aid (Table 2). Until the mid-1980s, skimmed milk powder and butteroil traditionally accounted for more than half of total expenditures on Community Action food aid. Despite its global importance, in volume terms total EC skimmed milk powder aid fell by 19% between 1977–9 and 1987–9, with declines in butteroil of 49% and other dairy products of 69%. During 1987–9, globally, the EC accounted for 44% of skimmed milk powder (of which 91% was Community

¹⁴ This section is based on FAO data on food aid in volume terms for the most recent three years available together with changes over the previous ten years. Cereals aid is reported by agricultural years, i.e. 1977–8 = July 1977 to June 1978, and non-cereal aid by calendar year, i.e. 1977 = January–December 1977.

¹⁵ Coarse grains also formed a significant proportion of Belgium and Luxembourg's and Denmark's cereals food aid programmes, although on a rather small scale in absolute terms.

Table 3: Cereals food aid 1977-9 and 1987-9* ('000 tonnes in grain equivalence, annual averages)

	<i>Wheat</i>		<i>Rice</i>		<i>Coarse grains</i>		<i>Total cereals</i>	
	<i>1977-9</i>	<i>1987-9</i>	<i>1977-9</i>	<i>1987-9</i>	<i>1977-9</i>	<i>1987-9</i>	<i>1977-9</i>	<i>1987-9</i>
EC Community action	558	1,381	42	69	40	219	639	1,669
EC member states	499	661	59	98	49	259	607	1,017
Belgium & Luxembourg	48	21	0	1	1	11	49	33
Denmark	24	19	5	8	2	8	31	36
France	139	210	0	1	22	13	161	224
Germany, FR	133	186	9	14	1	81	144	282
Greece	0	6	0	0	0	0	0	6
Ireland	4	3	0	0	0	0	4	3
Italy	39	62	16	44	0	27	56	133
Netherlands	44	20	23	23	13	80	80	124
Spain	0	29	0	5	0	0	0	33
UK	67	106	5	0	10	38	82	144
EC TOTAL	1,057	2,041	101	167	89	478	1,246	2,686
USA	4,322	4,609	559	444	974	1,364	5,855	6,417
Nordic Countries	118	112	8	23	12	32	137	166
Others	1,396	1,931	488	276	77	213	1,961	2,421
TOTAL	6,893	8,693	1,155	910	1,152	2,088	9,199	11,690

Source: FAO, *Food Aid in Figures*, various.

Notes: * Annual averages for the three agricultural years. For example, the period 1977-9 refers to the period July 1977 - June 1980.

Action), 71% of butteroil (of which 91% was Community Action), 2.8% of other dairy products and 6.7% of vegetable oil. The USA has traditionally been the main source of vegetable oil aid. During the late 1980s, the USA also actively disposed of skimmed milk powder stocks, temporarily displacing the EC as the main source of aided supplies.

The decline in EC milk powder and butteroil aid during the 1980s was officially acknowledged as a direct response to widespread criticism of the aid, particularly within the European Parliament and the EC Court of Auditors, following reports of difficulties in its effective use as well as concerns about health effects (ECC, 1983a). The gradual reduction in dairy aid also reflected an explicit policy shift away from the use of food aid as a conduit for surplus disposal towards its use as a resource to foster sustained development. Nevertheless, the Community remains the most important source of dairy aid, raising the question of the extent to which supply sided interests still influence overall determination of commodities (OECD, 1991). The decline in provision of other dairy products, primarily infant formula, during the 1980s has resulted from lower provision by Netherlands and Denmark. This change in commodity selection can again be attributed, at least in part, to concerns about sanitation and health side effects of infant formula.

Since 1983, the Community has also increasingly diversified its food aid programme, in particular with growth in vegetable oil as well as pulses, sugar and fish. Vegetable oil increased almost 14-fold between 1977-9 and 1987-9 from a relatively low base of under 3,000 tonnes, rising still further to shipment of 70 thousand tonnes in 1991.

Triangular transactions and local purchases Only 11% of the Community's bilateral food aid in tonnage terms was acquired in developing countries in 1989-91, compared to 23% of EC member states' bilateral cereals food aid.¹⁶ Developing country purchases were a particularly important component of Dutch (68%), British (49%) and German (32%) programmes. In contrast, Spain, Greece and France (the largest EC net exporter of wheat) acquired under 5% of their bilateral aid in developing countries during 1989-91. Also, in-kind contributions of most EC countries to multilateral programmes have typically been made in the form of food stuffs purchased within the donor country.

Overall, developing country purchases still play a relatively limited role in EC Community Action and the aid of some member states. Nevertheless, changes in the composition of cereals food aid during the 1980s do reflect increased emphasis on such purchases, in recognition of their potential benefits over direct transfers in

¹⁶ These percentages are based on WFP INTERFAIS data which refer to bilateral aid by calendar years and exclude funding of multilateral actions of the WFP regular programme and the IEFRR.

the provision of food aid.¹⁷ Indeed, some EC member states began this shift to developing country acquisition in the 1970s. For example, Germany purchased 25% of its food aid as triangular transactions as early as 1976.

Regional and country allocation of food aid

During the 1960s, India was the main recipient of global food aid, and Asia, overall, continued to receive two-thirds of all cereals food aid until the early 1980s. But beginning in the 1970s, there has been a gradual regional reallocation of food aid towards sub-Saharan Africa as most of the larger Asian economies, including India, Indonesia, Pakistan and China (never a major food aid recipient), have increased their domestic per capita cereals production. More generally, least developed countries have received an increasing proportion of food aid. These global patterns are reflected in the regional and country distribution of EC food aid for the recent period 1989–91.¹⁸ The regional country allocation of Community food aid is not strongly linked with the EC's Lomé commitments, but is similar to and seems to reflect broadly the same pattern of influences as food aid globally. In contrast, there is enormous diversity in patterns of allocation of member states' food aid that can only be explained in terms of special policy concerns and the somewhat arbitrary consequences of dividing small donor programmes up amongst so many potential recipients. Allocations are considered in detail below, both in terms of regions and countries.

Regional allocation During the period 1989–91, the EC overall favoured sub-Saharan Africa and also, in the case of Community Action, Eastern Europe and the former USSR. Sub-Saharan Africa received almost half of EC member state and 31% of EC Community food aid in volume terms, compared to 26% of global food aid. This pattern is consistent with overall EC aid patterns, reflecting particularly strong former European colonial links with sub-Saharan Africa. It is also the result of the overall reallocation of food aid already noted in the 1980s to least developed, disaster-affected countries. A recent feature of Community policy has been to give large, even near complete, operational responsibility for fresh initiatives to the Commission. Thus, for example, Eastern Europe and the former

¹⁷ See, for example, Clay and Benson (1990). In value terms, developing country purchases have emerged around 15% of the Community's total food aid budget over the past five years, in excess of the Commission's 10% limit.

¹⁸ The regional distribution of aid is based on WFP INTERFAIS data by calendar year and includes only direct aid and bilateral aid channelled through NGOs and multilateral agencies. The country and regional allocation of food aid or finance for food aid pledged to WFP is considered to reflect WFP rather EC donor programming decisions.

USSR received 38% of Community food aid during 1989–91, although only 4% of food aid from the EC member states.

Despite the Commission's well developed links with Lomé countries, the distribution of Community Action food aid does not favour ACP countries relative to other donors. Food aid is not part of Community aid commitments under the Lomé Convention. Historically programmed separately, food aid was perhaps seen as a counterbalancing element in the overall aid programme to the ACP link. Thus, during 1989–91 ACP countries received 32% of Community action food aid, compared to 37% of total EC food aid and 29% of global food aid. Excluding assistance to Ethiopia, Sudan and Mozambique, some 16% of both total EC and global food aid, but only 13% of Community food aid went to ACP countries.

Country allocation There were significant differences in the concentration of EC food aid programmes in terms of the average (mean) size and numbers of food aid actions to individual recipients. During 1989–91, at least 85 countries received food aid from the European Community and/or member states. Only eight of these countries received food aid from one or more states but not from the Community. This pattern suggests the wide and diverse factors influencing Community allocation decisions that result in a very large number of countries receiving EC food aid directly as bilateral aid or indirectly through NGOs and international agencies.

EC Community food aid actions supplied food aid to 77 recipients over the period 1989–91, with average receipts of 23,000 tonnes. Amongst member states, the UK supplied food aid to only six different countries, with mean receipts of 12,000 tonnes, reflecting the explicit British policy in recent years of targeting bilateral food aid on relatively few large scale emergency relief operations. The UK also makes substantial contributions through WFP. Some other EC member states spread their food aid programmes over a larger number of recipients, with much lower mean receipts. Italy and the Netherlands, with food aid programmes of a similar magnitude to that of the UK, supplied food aid to 27 and 13 countries respectively between 1989 and 1991, involving average donations of only 3,000 and 5,000 tonnes. The larger French and German programmes entailed average donations of 6,000 tonnes to 37 countries and 7,000 tonnes to 32 countries respectively.

Most EC programmes target the bulk of food aid on a relatively few recipients with small allocations to many more countries. In 1989–91 the top three recipients accounted for between 40 and 60% of total shipments by the Community and six of the seven larger member states (Belgium, Denmark, France, Germany, Italy and the Netherlands). In the case of the UK, they accounted for 78% of total food aid over the same period. The Community and member states also revealed similar priorities in terms of the most favoured recipients: Ethiopia was amongst the top three recipients for five donors; Bangladesh for three donors; and Albania, Egypt, Mozambique and Sudan for two donors. Much of the assistance to the most

favoured recipients was emergency aid, with the notable exception of aid to Egypt. Major emergencies involve both international coordination of food aid pledging and common responses to human tragedies in the eye of the media. In contrast, there were far greater disparities in the patterns of distribution of non-emergency food aid, reflecting the diversity of influences that affect allocations. The common practice of making a few larger allocations and many smaller ones, too tiny to realise economies of bulk shipment, to a variety of countries, suggests that cost-effectiveness in making food resource transfers is not a dominant consideration in programming.

Institutional channels

Part of food aid is handled bilaterally, either directly government-to-government or indirectly through NGOs which are given responsibility to provide aid to a specific country. The remainder is channelled through multilateral institutions, particularly the WFP, with the donor at least partly transferring responsibility for allocation decisions about destination and uses to the international agency.¹⁹ Contributions under the Food Aid Convention can be made through either bilateral or multilateral channels. Some member states, e.g. Germany and the UK, also perceive themselves to be channelling part of their national oda though the Community. They show their share of the financing of Community Action as part of their multilateral oda in national aid statistics and in reports to the OECD.

Between 1989 and 1991, 75% of EC food aid was bilateral, compared to 80% globally and 91% for the USA. The Community alone channelled 80% of its food aid bilaterally, including 15% through NGOs, with a further 16% channelled multilaterally through WFP and the remainder multilaterally through the United Nations High Commission for Refugees (UNHCR) and the United Nations Relief and Works Agency for Palestinian Refugees (UNRWA). In aggregate, EC member states channelled 65% of their food aid bilaterally and 35% multilaterally. However, there was considerable variation between member states. Some 92% of Danish, 80% of Irish and 52% of British food aid was channelled multilaterally, whilst 86% of French food aid was bilateral. Germany and the UK revealed a relative preference for channelling food aid through NGOs, with 27% and 24% respectively of their food aid channelled this way. Belgium, the Netherlands and France also channelled some food aid through NGOs.

¹⁹ In reality, the distinction between bilateral or multilateral channelling is blurred because some donors provide emergency aid earmarked for particular relief operations through international channels.

End uses

There is a close relationship between the intended end uses and channels selected for food aid distribution. Food aid channelled multilaterally and through NGOs is usually used as either relief or as project aid with economic or human resource development objectives. The project modalities are some form of food-for-work, income transfer or nutritional supplementation activities. Most food aid channelled through international institutions and through NGOs is also distributed directly to recipients. In contrast, the bulk of bilateral food aid provided government-to-government is in the form of programme or non-project aid for sale on local markets or to parastatal agencies.

The major part of food aid, both globally and from the EC, continues to be programme aid. However the shares of emergency and project aid in most donor programmes have tended to rise since the late 1970s. Between 1989 and 1991, programme (non-project) uses accounted for some 56% of global food aid, with emergency and project food aid each accounting for a further 22%. Programme uses also represented 56% of total EC aid, with 32% used in relief activities and 12% in projects.²⁰

The new EC food aid programme in Eastern Europe and the former Soviet Republics have largely involved food for sale, even when provided on an emergency basis, reversing the trend towards direct distribution. These programmes have largely been implemented as Community Action, and so in 1989–91 non-project or programme food aid accounted for 64% of the Community's programme compared to 40% for the member states. Relief activities featured heavily in the programmes of the member states, receiving 43% of food aid compared to 27% of the Community's food aid over the same period. Amongst the EC member states, Germany and the UK were the largest providers of relief food assistance whilst France and Italy have more typically been sources of non-project assistance. Some 9% of the Community's and 17% of member states' food aid was in the form of project assistance. Community Action and Germany were the main providers of this assistance, together accounting for 85% of the food from the Community directed to projects.

²⁰ Classification of food aid by end use is also not totally clear cut because some project food aid is also monetised, with counterpart funds used specifically for the project concerned.

Policy Implications of Parallel Responsibility

Convergence

The concept of convergence implies that the different national aid policies and programmes of the Community and member states would approximate more closely to each other through coordination of actions (Frisch, 1991). The precise direction that further convergence might take, in addition to that which has already occurred, is unclear in terms of food aid policies and programmes. One scenario is that further convergence would lead to a pattern of national actions approximating more closely to Community Action. It is, therefore, interesting to consider what impact such an outcome would have had during the past three years as compared to the programmes which were actually implemented, assuming that Community policies had remained unchanged — i.e. to consider what would have been the effect of expanded Community Action replacing national actions on patterns of food aid, and then the possible efficiency and welfare implications of these alternative patterns. According to the analysis detailed below, a larger Community Action aid would have implied more programme aid for sale in recipient countries, less multilateral channelling and probably greater acquisition of commodities within the European Community. However, the regional implications are unclear, since the aggregate effect of the separate allocation decisions by individual member states for cereal aid is broadly similar to that of the Community with regard to developing countries. Dairy products and vegetable oil are already largely a Community responsibility.

In reality, the implications of further convergence, or of abandoning the principle of parallel responsibility in favour of a single European food aid programme, would be somewhat different. In particular, the high levels of programme food aid currently provided by the Community partly reflects the large scale of aid for Eastern European and the former Soviet Republics. If these countries are excluded, then over time there has been a decline in programme aid, and so convergence might not result in the substantial increases in programme food aid suggested by the scenario. Nevertheless, convergence, as the scenario suggests, could result in reduced multilateral channelling of project and emergency aid. Some member states, especially those with very small programmes and some of the northern states for reasons of policy, have preferred high levels of multilateral channelling. Unless there were specific policy provisions to sustain levels of multilateral channelling, more bilateral programme and project aid with commodities sold and counterpart funds generated being linked to Community projects, is a conceivable outcome.

Community Action food aid is more restricted in its selection of commodities, and consequently in terms of uses and countries, than most national actions. This is due to its continuing close ties to internal market surpluses, and the Commission working within the upper limit on acquisitions outside the Community. Viewed overall, there is still considerable congruence between commodity selection in EC

aid, including that of the member states, and the balance of agricultural interests across the Community. This link is obvious in the case of some national programmes (France – wheatflour; Italy – rice) and even in some country allocations, for example, the higher share of Mediterranean cereal importing countries, particularly Egypt, within the French programme. If all EC food aid expenditure is considered, then it appears that agricultural and related processing interests in other northern Community states, where dairy production is relatively more important, are similarly taken into account in determining the commodity composition of Community action food aid (OECD, 1991). The consequences of further convergence for commodity selection, therefore, would depend very much on two considerations: whether the Community's limit on external purchases were to be abandoned and whether the shift away from dairy to cereals in terms of overall budgetary expenditure were to continue.

The convergence scenario in detail

To analyse the implications of further convergence in terms of the size, composition, regional distribution, utilisation and channel of distribution on the assumption that all EC food aid would be provided as Community Action, replicating recent patterns in Community assistance is, of course, unrealistic. If there was only one food aid programme, some of its resources would probably be allocated very differently. However, the scenario does indicate policy issues which would arise with the integration of EC food aid programmes, particularly concerning channelling and commodity selection, and not just the allocation of assistance amongst potential recipient countries.

Cereals food aid as a proportion of Food Aid Convention commitments If EC member states had provided food aid in an equivalent ratio to their FAC commitments as the Community programme during 1987/8–89/90, their total food aid programmes would have amounted to 2.9bn tonnes, 5.5% less than actual flows, equivalent to a 0.5% fall in food aid globally.

Commodity composition of cereals food aid²¹ With an unchanged volume of cereals aid from EC member states, but each providing an identical combination of commodities as the Community, there would have been an additional 180,000 tonnes of wheat with compensating reductions in rice and maize of 10,000 and 125,000 tonnes. Globally, this is equivalent to a 2% increase in wheat, a 6% decline in rice and a 6% decline in coarse grains aid. Given the predominance of

²¹ It is not possible to explore such a scenario for non-cereals since they are nutritionally dissimilar and so cannot be converted meaningfully into a cereals tonnage equivalent or nutritional value in terms of any single dimensional measure such as calories or protein.

coarse grains in local purchases and triangular transactions of cereals, this underlines the importance of the national actions of EC member states in sustaining such operations. On balance, available evidence suggests that such a reduction in coarse grains would be developmentally detrimental, given the potential additional benefits which can be derived by sourcing food aid within developing countries.

Regional allocation If the regional allocation of the Community aid programme during 1989–91 had been mirrored by the member states, there would have been a one-third decline in aid from EC states to each region except Eastern Europe and the former Soviet Republics. However, excluding food aid to Eastern Europe and the former Soviet Republics, the regional distribution of EC member state aid in aggregate and Community food aid were already virtually identical and so, on this basis, there would have been little change.

Utilisation The Community provides a relatively greater proportion of its food aid as programme or non-project aid than the EC member states overall. If member states had followed Community Action in terms of the allocation of food aid between different uses over the period 1989–91, emergency food aid would have been reduced by between 120,000 tonnes and 194,000 tonnes and project assistance by 50,000 tonnes to 69,000 tonnes a year. Uses are closely related to channels of distribution.

Channels of distribution EC member states channel a higher proportion of their food aid through multilateral arrangements. Under the convergence scenario, an additional 144,000 tonnes or 827,000 tonnes of cereals food aid would have been channelled bilaterally, representing a 6% reduction in multilateral food aid globally.

Efficiency and effectiveness implications of convergence scenario The merging of EC food aid programmes through a process of convergence could also result in sizeable economies of scale in the administration and transport of food aid. One-off food actions of only a few thousand tonnes of food are relatively cost-ineffective, entailing high administrative and transport costs which could be reduced if food aid actions were combined, increasing the quantities supplied under any one programme and delivered in one shipment to a country or region. Greater coordination of food aid to particular countries could also assist recipients in planning import programming and reduce risks of disruptions to domestic agricultural markets by improving the timeliness of delivery. However, fewer, larger (relative to total food supply) annual deliveries of food aid, unless carefully timed, could also create logistical and storage problems and disrupt domestic markets, and so these should not be advocated *per se*.

During the 1980s there were increased efforts to bring about better coordination of food aid provided for balance of payments and budgetary support, particularly through more consistent, even single, counterpart fund arrangements. These efforts were often linked to wider structural adjustment programmes. The Commission also

sought in a few cases to link food aid programmes to a national food strategy. The task of integrating food aid in this way, in a policy framework, would be far more practical with a few large programmes, say Canada, EC, USA and, in some cases, also Australia, Japan and the WFP. The integration of EC food aid would make such coordination of programming of food aid a more practical objective for most countries.

The possible implications of increased bilateral Community Action displacing multilaterally channelled aid are ambiguous. Evaluations in the mid-1980s indicated that relief commodities provided multilaterally through WFP and UNHCR were more likely to be appropriate to local needs than Community Action. WFP, which has recently been allocated one more of UNHCR's food supply responsibilities, is also more likely than the Community to acquire food within developing countries by purchases, borrowings and swaps. These operations, which allow rapid responses and are also almost as cost-effective as conventional food aid, have depended heavily on financing from some EC member states and EFTA states currently seeking EC membership. The EC Commission is currently engaged in strengthening its own relief arm — the European Community Humanitarian Office (ECHO) which could become a bilateral alternative to multilateral channelled aid.

Integration of EC food aid programmes alone, without a linked integration of other bilateral aid, could have negative repercussions on the effectiveness other parts of the aid programmes of EC member states. Some states, such as Germany, seek to provide food aid as part of an integral bilateral cooperation programme involving several forms of aid. This food aid is either provided directly to a project or sold, with the counterpart funds generated contributing towards the local costs of a linked project (BMZ, 1989).

Overall, the convergence scenario suggests a mix of some potential efficiency gains and some quite ambiguous changes in the balance of institutional arrangements and uses in the absence of explicit steps to avoid possible negative effects.

EC food aid and international food security

Apart from narrower efficiency considerations such as cost-effectiveness, the question remains whether the existing configuration of EC aid is broadly appropriate. As the preceding analysis has indicated, it would be difficult to assess the implications even for individual recipient countries of the whole complex of EC Community and member state food aid policies. But because the Community could modify the balance of responsibilities between member states and Community action, and it is also able to renegotiate its overall global food aid commitments under the FAC, the attempt is justified to assess the impact and cost-effectiveness of present arrangements.

A useful measure of the appropriateness of present arrangements with the EC is to consider the overall implications of the present division of responsibilities, in terms of whether these arrangements appear to enhance or detract from global food security.

Most recent studies conclude that the aggregate level of food aid is probably less than the requirements of low income food deficit countries, but that absorption problems limit effective utilisation (FAO, 1991). Hence it cannot be stated with confidence that higher food aid levels *per se* would increase global food security. However, dynamically, the contribution of food aid to global food security should also be considered in terms of whether the volume of commodities is broadly counter or pro-cyclical, that is, positively or negatively correlated with movements in world market prices. The first relationship implies that food aid dampens and second that it accentuates impacts of price variability on vulnerable economies (Clay, 1991). The minimum commitments under the Food Aid Convention represent a floor below which contributions by individual donors should not fall and so which should prevent large inter-yearly fluctuations in food aid. However, as noted above, donors typically exceed these levels of commitments. This implies that in practice these floors do not impact on the possible relationship between prices and volumes of food aid, except at times of excessively high prices as in 1973–4.

To examine the relationship between food aid and world prices, simple regression analysis was performed on the volume of wheat food aid from the European Community, selected EC member states,²² USA, Canada and globally against the world market price of wheat, lagged six months, over the period 1970/1 to 1989/90. Wheat was chosen as being by far the most important component of cereals food aid.

A simple regression of volume of shipments against price is a rather crude measure of whether food aid is procyclical or countercyclical.²³ Other factors, such as overall levels of food supply in developing countries and changes in donor policy may influence levels of food aid. Furthermore, some donors' food aid budgets are made in financial rather than volume terms, with higher prices, by implication, resulting in lower volumes of food aid if budgets are not adjusted to reflect changes in prices. Nevertheless, the simple linear regression performed for the purposes of this study does permit some tentative conclusions to be drawn concerning the food security implications of further convergence.

²² Only the most important providers of wheat as food aid over during the period 1970/1 to 1989/90 were considered — namely, France, Germany, Italy, the Netherlands and the UK.

²³ The authors of this paper are currently developing a more sophisticated model of the determinants of food aid, under an ESRC funded project.

No significant positive or negative relationship was found between either total EC or Community Action wheat aid and international market prices (Table 4). This is perhaps because the Community budget is fixed in volume terms, with additional budgetary allocations made in response to major events. Instead, a closer visual analysis of charts suggests an overall upward trend in EC wheat food aid over time, with additional flows occurring in response to major events — namely, the Sahel drought in the early 1970s, the African food crisis of 1984–5 and the economic problems of transformation experienced in Eastern Europe and the former Soviet Republics since 1989 (Figure 3). Statistics for the early 1990s, when available, will probably confirm this pattern with the Special Programmes of 1991 and 1992 reflected in increases in food aid flows, above trend levels.

In the case of member states, there was no significant correlation between the cereals food aid programmes of Germany, Italy, Netherlands and the UK and prices. However, a significant negative relationship was found between the volume of French wheat food aid, the world's third largest exporter of wheat, and the world price. Thus, convergence could weaken the negative, procyclical relationship between cereals aid and world market price fluctuations, to the extent that it exists for France as well as for other smaller EC member states programmes not analysed here, thereby enhancing international food security. As food aid recipients are now predominantly least developed countries with serious balance of payments problems, the developmental and humanitarian implications are beneficial.

Negative relationships were also found between prices and volumes of wheat aid from Canada and the USA, globally the two largest wheat exporters, and for total global flows of food aid (Figure 4). The negative global relationship is also supported by the findings of Taylor and Byerlee (1991), who calculated a higher elasticity of foreign exchange outlays for food imports with respect to changes in world prices for food aid recipient than non-recipient countries. Broadly, the procyclical relationship between wheat aid globally and international prices appears to result from the aid allocation decisions of cereal exporters. Canada and the USA budget food aid on a financial basis, whilst ensuring that they meet their minimum FAC obligations even in tight market conditions. The USA openly markets additional surplus commodities in softer market conditions under Section 416 of the 1949 Agricultural Trade Act. This negative relationship between world market prices and food aid provision of cereal exporters is dampened by the actions of other non-exporting food aid donors and EC Community Action. The continuing sensitivity of food aid globally to cereal market conditions indicates an area for further constructive international negotiation between the Cairns Group, the EC and Japan as part of the Uruguay round.

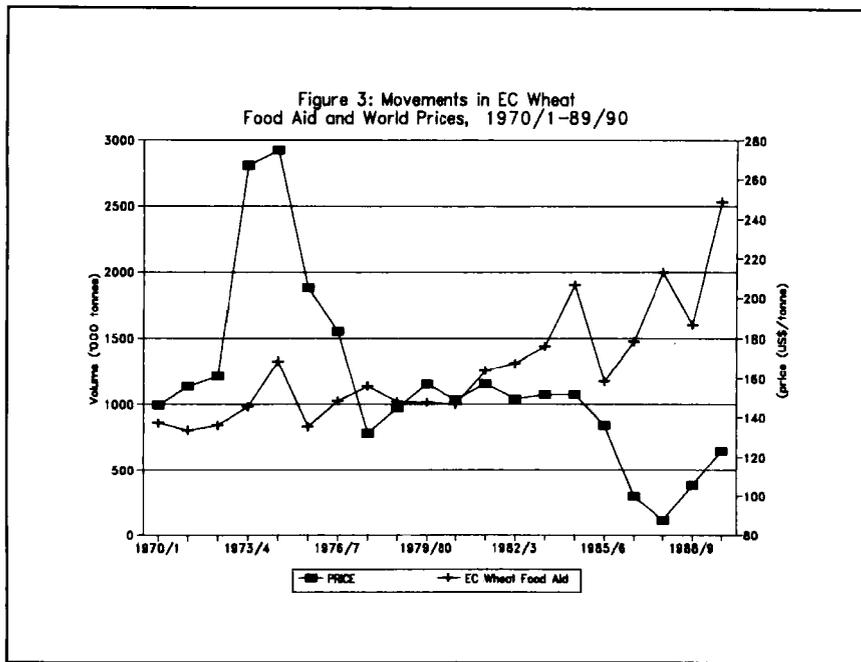
Table 4: Simple linear regression of wheat food aid and the world market price of wheat lagged six months, 1970/1–1989/90

	<i>Constant</i>	<i>Price_{t-0.5}</i>	<i>F</i>	<i>R²</i>
FA _{Global}	11,196.1 (11.4)**	-24.3 (-4.1)**	16.41**	0.48
FA _{EC Total}	1,884.6 (5.6)**	-3.9 (-1.9)	3.60	0.17
FA _{EC Community}	1,144.6 (3.6)**	-2.9 (-1.5)	2.20	0.11
FA _{France}	263.6 (6.3)**	-0.6 (-2.3)*	5.20*	0.22
FA _{Germany}	143.4 (3.9)**	0.1 (0.5)	0.23	0.01
FA _{Italy}	73.2 (2.2)*	-0.1 (-0.7)	0.49	0.03
FA _{Netherlands}	43.3 (2.2)*	0.0 (0.3)	0.09	0.01
FA _{UK}	123.0 (3.8)**	-0.2 (-0.9)	0.83	0.04
FA _{USA}	7,109.2 (8.6)**	-16.8 (-3.3)**	10.99**	0.38
FA _{Canada}	1,258.5 (7.6)**	-2.3 (-2.2)**	5.00*	0.22

Abbreviations:

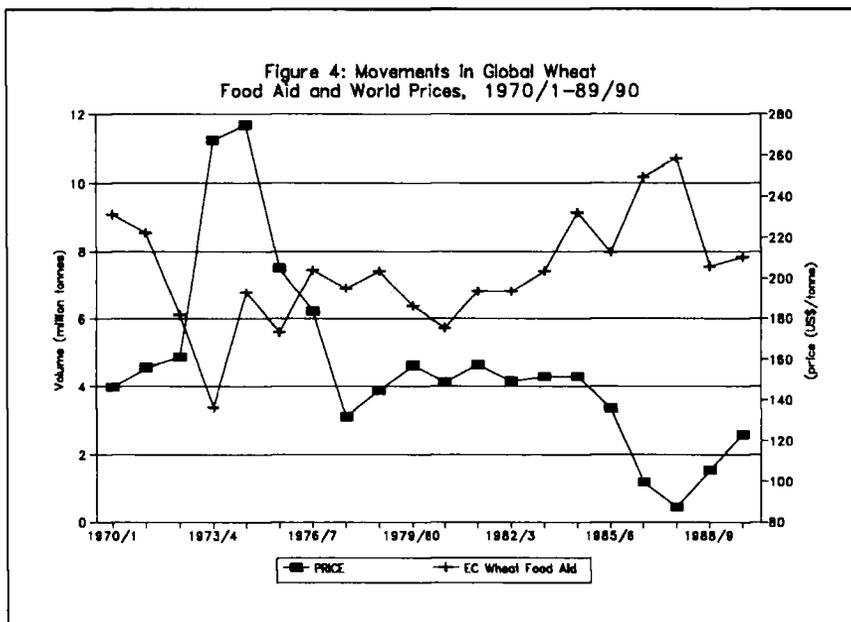
FA _{Global}	Global annual wheat food aid shipments in '000 tonnes, etc.
Price _{t-0.5}	Real (1985) price of US Gulf Hard Red Winter Wheat f.o.b. lagged six months, using industrialised country export deflator
<i>F</i>	<i>F</i> -statistic
<i>R²</i>	Coefficient of determination

T-values are given in parentheses. *T*-values and *F*-values which are statistically significant at the 5% are indicated by * and at the 1% level by **.



Conclusions

This exploratory examination has documented the considerable diversity amongst the food aid programmes of the European Community and member states. This diversity or lack of coherence continues despite the fact that the EC member states broadly agree on the overall objectives of their food aid programmes, when gathered together in the EC Council Development Committee or in the OECD DAC with other donors. For example, donors have generally sought to adapt their programmes to contribute to general economic development and improve the nutritional status of vulnerable groups whilst avoiding displacement effects on the domestic agricultural sector in recipient countries, but in a variety of ways. The Danish and Dutch governments have chosen to channel most of their food aid through WFP and NGOs, whilst Britain and Germany have placed a strong emphasis on emergency aid. Germany also increased its use bilateral development food aid in food security projects involving technical cooperation and other non-food assistance (BMZ, 1989; WFP, 1990). With careful planning, the German government felt more confident of avoiding potential negative impacts. In contrast, France, and also Italy and Spain, have largely provided bilateral programme (non-project) assistance and give, relative to other EC states, only modest support to international programmes.



The current practice of parallel responsibility for food aid within the Community is unimpressive in its outcomes. At best, the various member states and the Commission appear to have been looking for more efficient and cost-effective ways of meeting obligations under the FAC. Enhanced concerns about suitability of commodities, timeliness of assistance and possible negative effects on local agriculture, for example in sub-Saharan Africa and in responding to humanitarian problems more generally, have led them to seek ways to make aid more appropriate — for example, through acquisitions in developing countries. But the reality is that only the European Community Programme is large enough to be a significant resource transfer, except to a few very small economies. Several member states found it more practical to channel most of their overall food aid obligation multilaterally, thereby strengthening international agency development programmes and relief coordination which on balance is probably better than bilateral action on a small scale.

The 1+12 formula has much more to do with politics of the Community in accommodating different interests than with seeking appropriate ways of providing food aid. Even a small national food programme is a flexible and, so, useful instrument of foreign aid policy which encompasses the expediences of bilateral relations with individual developing countries and the need for ministers to be seen to respond to events in the eye of the media. National programmes also seem to have provided more scope for narrow commercial interests of the millers and producers of cheese and lyophilised products to find a comfortable niche, whilst

Community aid was, at least until recently, a useful and predictable, if limited, instrument of milk market management. To draw more substantive and firmer conclusions would require a close analysis of cost-effectiveness, coordination and, not least, the impact in individual recipient countries of what is, collectively, a third of global food aid.

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