

## A Future Food Aid or Food Assistance Convention? *Edward J Clay*<sup>1</sup>

*The future of the Food Aid Convention became the subject of active ‘informal discussions’ in December 2009 after a hiatus of more than five years. The agenda is widely considered to be open and the outcome unpredictable. The Convention, a free standing agreement to provide minimum levels of food aid, which was first negotiated in 1967 in the era of food surplus disposal and last renegotiated in 1999 (IGC, 1999) might be allowed to lapse. Alternatively it could be radically revised as part of efforts to create a global humanitarian and food security architecture with a role in different and rapidly changing physical environmental, political and economic circumstances.*

This paper is the sixth in a series that provides background to and a critical commentary on often complex international negotiations about the future of food aid. The previous five papers followed the WTO Doha Development Round (DDR)<sup>2</sup> agricultural negotiations from 2005 up to the breakdown of the overall DDR in 2008.<sup>2</sup> Here attention turns to what, if anything, will replace the 1999 Food Aid Convention (FAC). Negotiations were halted to avoid the outcome of the DDR and recommenced through ‘informal discussions’ in December 2009. The intention here is to encourage and inform a wider, open discussion on the future of the FAC.

The paper therefore sets out the issues at stake that are otherwise the subject of informal discussions because of perceived political sensitivities. The signatories have decided to continue the process of informal discussions up to December 2010 and extend the current FAC to June 2011 so as not to prejudice the outcome of these discussions (IGC, 2010), and so some stakeholders are reluctant to make public statements. Nevertheless, it is possible to indicate the range of views on these questions from off-the-record conversations and more recent public statements on food aid and food assistance.

After briefly setting the context for these negotiations in terms of the Convention and its history, the paper focuses on a set of key questions regarding the future of the Convention:

- Is there a continuing need for a Convention within the emerging new Food Security Architecture?

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<sup>2</sup> The previous background papers from Clay (2006) to Clay (2007) are posted on the ODI website.

- If the FAC is to be renegotiated should this be a minimal or more radical revision? What then is implied by radical revision?
- Should it become a Food Assistance Convention?<sup>3</sup>
- Should signatories continue to make quantitative commitments, and if so what should count as food assistance contributions and how should these be measured?
- Should the membership of the Convention be expanded by including additional 'donors'?
- How should the Convention be better integrated into a reformed food security architecture?

## Background: food aid as a special case

The international institutional arrangements for regulating and organising food aid have been inherited from an era in which food aid was around 25% of all ODA and a large share of global trade in cereals and a few other commodities. Presently food aid accounts for only about 3% of ODA and a smaller proportion of global food commodity trade. Food aid is however, significant for a relatively small number of least developed countries and accounts for some 30% of all humanitarian aid. (Clay and Stokke, 2000; FAO, 2006; Harvey and others, 2010)

Food aid was overwhelming supplied until the mid 1990s as *direct transfers* from the donor country, that is, in-kind tied commodity aid (Table 1). From the outset this commodity aid was recognised as a potential source of trade distorting competition, not only amongst donors but also with other exporters (e.g. Argentina of cereals and New Zealand of dairy products). The FAO located Sub-Committee on Surplus Disposal (CSD), which is under the Committee on Commodity Problems established in 1954, was intended to minimise such distorting practices. (FAO, 1980)

The Convention was then negotiated as a stand-alone international agreement in 1967 lodged with the International Grains Council (IGC) that acts as secretariat. Under the Convention, signatories are legally committed to provide minimum amounts of food aid to ODA eligible countries expressed in terms of wheat equivalent metric tonnes (WEMT). Historically the principal objective of the Convention was to provide a safety net protecting recipient countries against potential downward

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<sup>3</sup> The international community is increasingly adopting the term 'food assistance' in preference to or instead of 'food aid'. The Chair's summary of the G8 development ministers' April 2010 meeting states 'Ministers believe in a Food Aid Convention for the 21st Century that focuses on providing appropriate and effective *food assistance* to vulnerable populations. Ministers agreed to do further work.' (Canada, 2010) This practice raises the question in the absence of an agreed definition of what exactly is meant by food assistance. This paper adopts the definition proposed by the Trans-Atlantic Food Aid Dialogue (TAFAD) group of NGOs – food assistance includes '*any direct food or food procurement transfer to food insecure individuals or households for the purpose of increasing the quality and/or quantity of food consumed*'. This definition includes both transfers in the form of food and cash intended to improve *directly* food consumption of by food insecure individuals. It would not include commodity aid intended as a financial transfer (programme budgetary support or monetization) or agricultural inputs. This issue is discussed further in the forthcoming review by Harvey, Proudlock, Clay, Riley and Jaspers (2010).

fluctuations in annual shipments of food aid. Initially it was a burden sharing agreement amongst DAC donors plus Argentina, effectively a donor club. The Convention was probably accorded most importance when in 1980 joint minimum contributions of then 7.6 million WEMT were explicitly linked to an international target of 10 million tonnes of cereals food aid first agreed in the 1974 World Food Conference. The supervisory Food Aid Committee reviews matters pertaining to the Convention and is also recognised as a forum for consultation amongst signatories about threats to global food security, but this rarely occurs.<sup>4</sup> As a stand-alone agreement the Convention has not been explicitly integrated into other international arrangements for global food security and aid effectiveness. There is however an explicit link to the WTO agreement on agricultural trade (see below).

Food aid has been exempt from the various voluntary 'soft' law international agreements under the OECD that seek to minimise trading distorting export competition amongst donors and to promote untying. Notable amongst these are Helsinki Accord on official export credits (OECD 1991) and the 2001 DAC Recommendation on untying aid to least developed countries (OECD, 2001). These exemptions were at the insistence of the major provider, the USA. Instead, food aid has been the subject of a separate arrangement, and is, because of export competition issues, also unlike other ODA, a subject under the 'hard' WTO treaty based rules and disciplines concerning agricultural trade.

In 2004, the 1999 Convention was extended and possible renegotiation deferred pending the outcome of the negotiations on food aid as part of the Agreement on Agriculture (AoA) within the WTO Doha Development Round (DDR). Then the DDR stalled in 2008. Whether or not the DDR is successfully restarted, an issue to be addressed in FAC discussions is whether and how to take into account the sections of the draft AoA that concern food aid and set the trade law context for the Convention.<sup>5</sup> This linkage between the AoA and the Convention, which is discussed in more detail below, takes us directly to the characteristics that distinguish food aid from other forms of official development assistance.

## The basics of the Food Aid Convention

As originally negotiated, the Convention had narrow but explicit focus on assuring minimum levels of cereals food aid. These levels have been modified in subsequent renegotiations in a number of ways up to and including the 1999 Convention (IGC, 1999). These modifications can variously be seen as an adaptation to a changing reality or a dilution of the Convention's purpose.

The current 1999 Convention declares its objectives as follows: contributing to world food security and improving the ability of the international community to respond to emergency food situations and other food needs of developing countries through making appropriate level of food aid available, in a poverty focused way consistent with agricultural development in recipient countries, and acting as a framework for cooperation, coordination and information sharing amongst members.

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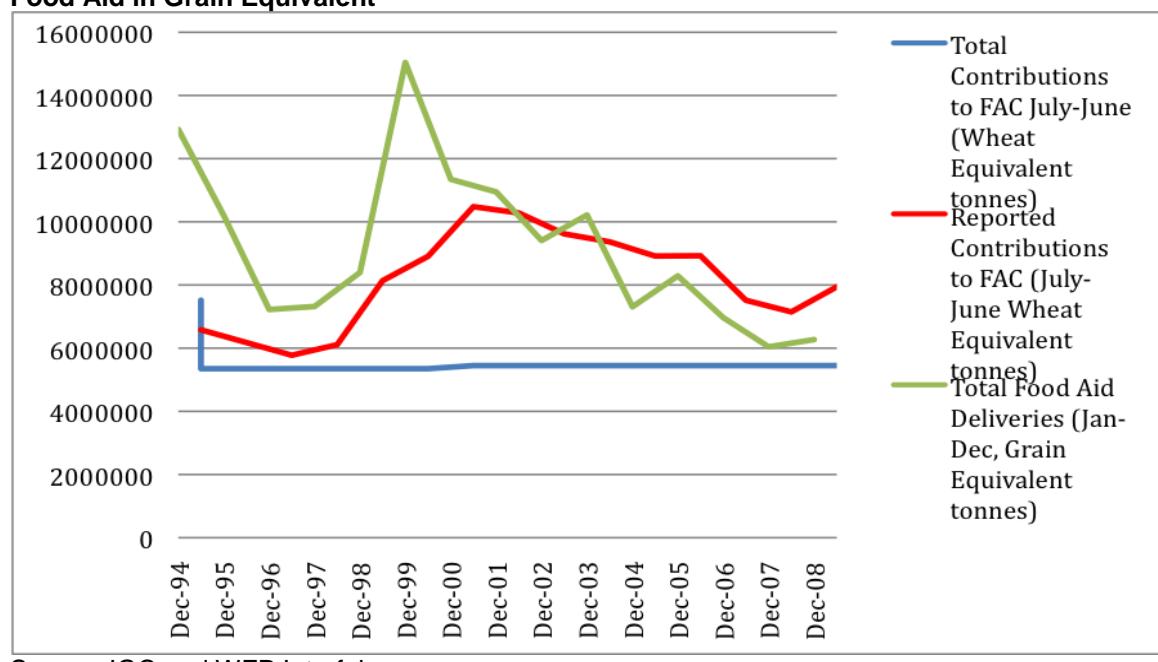
<sup>4</sup> Signatories usually meet twice a year in June and December at an official level at the IGC in London.

<sup>5</sup> WTO, 2008. 'Revised Draft Modalities for Agriculture'. Committee on Agriculture Special Session. TN/AG/4/Rev/8 February 2008. See especially Annex L on 'International Food Aid'.

To this end, both commodity-based commitments and value or cash commitments were allowed, including transport and other operational costs for the first time. The eligible product list was also extended to cover virtually the entire range of commodities and processed foods likely to be provided as humanitarian relief or in nutritional programmes. Seeds of eligible products, an agricultural input, were allowed. With hindsight, allowing commodity and also cash commitments by the EU, and extending the range of eligible foodstuffs marked a significant change in the Convention: this allows parallel but different commitments and weakens the links to cereals aid and grain markets. The 1999 agreement also recognised, but failed to reaffirm, the minimum contributions as part of a wider commitment to a minimum of 10 million tonnes of cereals aid first made in 1980.

Overall levels of commitments have also been progressively reduced from 7.6 million WEMT in 1980 to some 5.4 million WEMT in 1999 to accommodate the wishes of some signatories to make smaller contributions, including variously Australia, Canada and the USA (Figure 1).<sup>6</sup> The minimum contributions under the 1999 Convention are shown in Table 2. The commitments are by DAC member countries plus Argentina.<sup>7</sup> As this is a trade related agreement, the EU has always acted as a single signatory, making in effect a joint commitment on behalf of its now 27 members.

**Figure 1: Contributions to the Food Aid Convention in Wheat Equivalent and Total Food Aid in Grain Equivalent**



Source: IGC and WFP Interfais

The European Union has been the second largest contributor to every Convention. Initially DG Agriculture led on behalf of the EU. That responsibility passed to DG Development and is presently with ECHO (DG Humanitarian Assistance). The EU

<sup>6</sup> The commitments in 1999 amount to 4.895 million WEMT plus an EU cash commitment of € 130 million which was approximately equivalent in 1999 values to some 558 thousand WEMT.

<sup>7</sup> Argentina's involvement reflects the agricultural trade origins of the Convention. Although a signatory from the outset, Argentina has in practice hardly ever met even part of its obligation of contribution 20,000 tonnes a year of food aid.

Council agreed an explicit division of responsibility for the EU's tonnage commitment between Community Action organised by the Commission under EU budget lines for food aid and National Actions of member states. As states joined the EU, they either brought with them their previous Convention obligations (e.g. Austria, Denmark, Finland, Spain, and Sweden) or took on a share of the joint commitment (Greece, Ireland, Portugal). The UK, a signatory to the 1967 Convention, withdrew from 1971 Convention, but rejoined on acceding to the EU in 1974. This action could be a relevant precedent for current negotiations allowing a signatory to withdraw without prejudicing the formal continuation of the Convention. However, in a retreat from transparency, the EU discontinued under the 1999 Convention the long established (30 years) practice of making an explicit division of responsibility for the EU contribution between the Commission and member states. Instead the Commission regards this division of responsibility for eligible food aid operations as an 'internal matter'.

Signatories report annually and retrospectively on their eligible food aid transactions in fulfilment of their obligations. However, the EU has always reported collectively, and so the association between the food aid of the Commission and member states with the Convention can only be inferred either indirectly from WFP INTERFAIS reporting on food aid, or through direct consultation with the states on an individual basis (see further discussion below about performance monitoring around Table 2).<sup>8</sup>

## The WTO Dimension

Food aid was specifically exempted from disciplines under the 1994 rules and the Convention recognised as having a possible role in supporting the adjustment of food importing developing countries to the WTO rules (Konandreas and others, 2000). The Convention is however not recognised as having a role in the supervision of food aid.<sup>9</sup> In the Doha Development Round, food aid became a focus of intense negotiation as reflected in the sequence of draft Agreements on Agriculture<sup>10</sup> and so the reason for putting renegotiation of the Convention on hold.

The most recent draft AoA is only concerned with *international food aid*, that is excluding aid funded local purchases and other forms of cash based food assistance without direct trade implications (WTO, 2008). The draft basically considers *cash-based* food aid (i.e. fully untied) to be in conformity with the rules on agricultural export competition, whilst setting out a rule-based framework for *in-kind* (i.e. tied) food aid that approximates to WFP's category of direct transfers (WTO, 2008).<sup>11</sup> A 'safe-box' is envisaged for emergency (humanitarian) food aid, based on a declaration or appeal by the UN Secretary General, governmental or regional

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<sup>8</sup> INTERFAIS is a dynamic database that reports on food aid deliveries based on information provided by donor governments, international organisations, NGOs, recipient countries and WFP field offices.

<sup>9</sup> For example when New Zealand has raised the issue of US dairy aid unfair export competition in the Committee on Agriculture this was deflected as arising under the CSD.

<sup>10</sup> See for example the previous Background Papers (e.g. Clay, 2006 and 2007) documenting the evolving proposals on food aid in the draft AoA.

<sup>11</sup> An area of ambiguity is 'partially tied aid' where, for example, the EU allows procurement in the single European market or in a specified list of developing countries. A substantial part of local and triangular transactions are funded with such partially untied funding.

agency, the Red Cross (ICRC, IFRCS) or an NGO working with one of the former, as well as an assessment coordinated by an international agency or the Red Cross. Further disciplines on non-emergency in-kind food aid are envisaged, including an assessment to be undertaken by a UN agency or donor and NGO working with government. Monetisation faces additional restrictions. Although these disciplines had been progressively loosened in the process of negotiation under pressure from the US and some partner countries, the US and some civil society organisations still considered them to be potentially too restrictive. An issue for the FAC is to clarify whether transactions that might be accepted as in fulfilment of any future obligations should be in conformity with these draft disciplines. The draft rules, reflecting intense negotiations, are likely to be similar to what will be agreed if the DDR is successfully completed.

The draft AoA also provides for a derogation of rules on export competition to allow an exporter-donor response in exceptional global crisis conditions. The Marrakesh Accord makes an explicit link to the Food Aid Convention and food aid as a means of limiting the costs of adjustment to trade reform net by food import dependent countries, a provision which so far has not been activated(e.g., Konandreas, 2005). If there were to be a new Food Assistance Convention, should it address such trade reform issues or restrict itself, as some stakeholders suggest, to emergency and humanitarian concerns as part of a wider global food security architecture?<sup>12</sup>

## A new Food Aid Convention?

*Signatories in consultation with some other key stakeholders have embarked on informal discussions about a new convention.* The discussions are being organised through a Working Group that reported to the Committee at its biannual meeting in June 2010 (IGC, 2010). These discussions will continue up to December 2010 and are wide-ranging, addressing a set of issues on which signatories have already offered informally their preliminary views:

- Rationale and governing principles of a new Convention;
- Overall objectives and scope of a Convention;
- Role and types of commitments and reporting; and
- Role of the Committee.

The issue of reforming the Convention, or the institutions for governing and organizing food aid more generally, surfaces repeatedly because these originate in and reflect to a considerable degree a previous era. In reviewing options for change when the 1999 Convention was being negotiated, Clay and Stokke (2000) suggested that it is useful to distinguish three types of responses: first, declaratory changes in terms of objectives, targets and labelling; second, adaptation to short-term influences; and third to reconfigure the architecture of international institutions as part of a longer term strategy. All three forms of response are visible amongst the ideas under discussion for a renegotiated Convention.

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<sup>12</sup> The WTO Committee on Agriculture presently has no specific capacity to assess the legitimacy of food aid transactions. If cases are raised about a member's actions, should these be referred to the Food Aid Convention secretariat or to some other part of a reconstructed global food security architecture, or should the WTO acquire the capacity to handle internally such trade-related issues?

*Rationale: is there a continuing need for a Convention within the emerging new Food Security Architecture?* Some stakeholders feel that the Convention has ceased to have relevance to their programmes or to the wider food security or humanitarian concerns of the international community. Recently Norway has ceased to attend the Committee. In some European aid agencies it is difficult to find anyone who is informed about the Convention or who has responsibility for fulfilling their share of the EU's contribution. Some, in contrast, see the Convention as a way of ensuring a minimum predictable flow of food to the world's hungry irrespective of market conditions and see little need for modification. In the context of discussions on the right to food, others recognise the Convention as having a symbolic significance as the only legally binding treaty committing donors to provide funding for food aid or any form of humanitarian assistance, without prejudging the specifics of that commitment.

*If the FAC is to be renegotiated, should this be a minimal or more radical revision?* The Convention could simply be allowed to lapse through lack of agreement about its future, but that is perhaps unlikely because of the negative symbolic message that this would convey, especially after the G8 statement (Canada, 2010). Instead the choice would seem to be between further modest adaptation, as has occurred in previous renegotiations, and a radical revision as part of the reconstruction of global food security architecture.

## The minimalist option

There are several obvious ways in which the Convention could be modified without any radical change in either objectives or scope. First, there is relabelling: as the food assistance replaces food aid in official discourse, so renaming the Convention would be the recognition of the already wide range of eligible contributions including seeds, an agricultural input<sup>13</sup>. Second, there could be further adjustments to the *list* of eligible commodities and the *size* of signatory commitments. Thirdly, in addition to the EU, other signatories could opt for a combination of physical and cash contributions. Fourthly, new signatories who were willing to make a minimum contribution could be admitted or others might withdraw, as the UK did from the 1971 Convention.

Some stakeholders, notably the EU, have indicated a lack of interest in modifying minor aspects of the agreement such as the list of eligible commodities and continuing with an agreement on broadly similar lines to the 1999 Convention that still basically commits the signatories to provide or fund the acquisition of food and its delivery. Instead the EC and some others informally indicate a wish to move towards a Food Assistance Convention that is integrated into wider food security architecture, which makes a demonstrable contribution to food security in crises, and is more broadly based, including the range of food assistance instruments.<sup>14</sup>

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<sup>13</sup> Some see the 1999 inclusion of seeds of eligible commodities as a already a dangerous precedent opening the way to funding other inputs from food assistance budget lines which should be rescinded.

<sup>14</sup> The Commission in its operational strategy for 2010 states: "The Commission will also coordinate negotiations for the reform of the Food Aid Convention (that is on behalf of the EU). The main challenge is to turn this international treaty into a modern and meaningful convention that has a stronger humanitarian focus and supports an appropriate range of food assistance responses."

The US is in the process of redefining its global food security strategy. However, past positions indicate that the USDA and USAID are concerned that the strength of the legally binding agreement will be sacrificed if it were to move away from being primarily food focused with quantitative commitments. US based NGOs involved in food assistance have taken a similar view. The US already has an internal legal requirement to provide 2.5 million tonnes of commodities as food aid, which since 1995 has provided the basis for its FAC 2.5 million WEMT minimum commitment. Japan has apparently little problem with the existing Convention which recognises as eligible both its funding for developing country acquisition and also donations in-kind from its domestic stocks.<sup>15</sup>

Others, including WFP and the TAFAD group of NGOs, have expressed concern about the risks involved in abandoning some form of quantitative commitment. They consider that the FAC obligations of some donors provide a budgetary assurance of resources for food related assistance typically channelled through WFP and NGOs. This indirect budgetary assurance, which is especially important in a tight market such as in 2007-8, could be lost without quantitative obligations.

Many stakeholders and analysts (e.g. Barrett and Maxwell 2005) argue that circumstances have changed to such an extent that piecemeal changes of the kind suggested above will not be enough to reverse the progressive marginalisation of the Convention.

### A more radical reconstruction: options for change

Stakeholders need to be clear about *the overall objective* of a new Convention. Is this, as at present, primarily to provide a safety net of support for *food assistance* – an assurance against volatility in commodity markets and the global economy or the vagaries of donor policy? Is the safety net to cover all food assistance or primarily focus on humanitarian needs? Alternatively should there be in future, and more ambitiously, an arrangement for addressing changing needs for food assistance or humanitarian assistance more broadly? The argument for the former (as made by TAFAD etc) is that there are continuing minimum levels of requirement for emergency and recovery assistance and the longer term support for the displaced and refugees. High profile events such as Iraq in 2003, the 2004 Tsunami or Haiti in 2010 will be addressed and can crowd out other operations. Since those currently engaged in the discussions about the future of the Convention could legitimately attempt to address the safety net issue, which is essentially about bringing the Convention up to date, this will be explored further. The latter issue of how to address changing needs for food assistance should involve a much broader grouping and a higher level discussion than an official level committee.

In the background is the institutional issue of how to bring a future Convention within the wider architecture of aid and food security. The present Convention is a stand-alone agreement, and so that becomes even more an issue if the coverage of the Convention is to include non-food aid ODA as funding for food assistance.

### Minimum contributions and monitoring signatory performance

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<sup>15</sup> In 2008 Japan was the largest provider of government-to-government programme food aid, mostly in the form of rice.

The issue of quantitative commitments seems to be the nub of the debate about the relevance of a Convention. The current obligations are made in terms of metric tonnage in wheat equivalents (WEMT) on the basis of annually agreed conversion ratios. This way of measuring commitments in an increasingly wide range of in-kind commodities and cash funding of food-based transfers appears to be anachronistic and finds little support. It is now difficult to relate transactions reported as part of signatory commitments to what is happening in the world of food aid as reflected most obviously in WFP FAIS (Figure 1).

The lack of correspondence between operations reported to the IGC and deliveries is illustrated in Table 2. First reported FAC contributions are compared with obligations under the 1999 Convention in *wheat equivalent (WE)*, showing that almost all donors met their obligations through the recent food price spike. Second, they collectively performed far better during 2006-8 than during the previous food price spike in 1995-96 (Figure 1). However, for a contrast, when these quantitative obligations are expressed in grain equivalent terms (GE), a crude but better proxy of real amounts of food distributed (one tonne of wheat is equivalent in energy terms to one tonne of rice or maize, etc), then the indices of these actual food aid flows confirm that the food aid of signatories has been strongly procyclical. As Figure 1 and Table 1 show, there was a far more serious contraction in total food aid levels in physical terms in 2006-2007 than in the mid 1990s. This comparison highlights the unsatisfactory nature of the way commitments are defined. A fuller analysis is required to understand what is actually happening, but the relatively more serious contraction in the food aid of FAC signatories during the 2006-8 food price spike than in the 1995-7 spike is probably masked in part by the broadening of the range of eligible commodities.

The performance of EU and its member states is especially opaque with the EU reporting on a consolidated basis and no longer indicating as under previous Conventions (1995 and before) the sharing of responsibility for obligations between the Commission and Member States. As a wider range of instruments are in use, but without systematic and integrated quantification, the overall picture regarding the food assistance provided by support of signatories or the DAC donor group is becoming increasing unclear.

The few independent investigations have cast doubt too on the effectiveness of the Convention commitments in providing a robust floor or safety net underpinning international food aid (e.g. Benson, 2000; Hasenclever and others, 1998). Consequently some stakeholders insist that the credibility of a new Convention will depend on robust monitoring of a transparent set of commitments.

Many stakeholders now also appear to be focusing on the issue of what practically might replace the obligations made in the discredited wheat equivalents.  
First, should commitments be in physical or financial terms?

Second, how can commitments be measured in a way that is understandable and transparent?

Third, how can the negative, procyclical effects of fluctuating commodity price and transport cost volatility be minimised?

Fourth, what should be included in the list of eligible forms of food assistance?

There is widespread dissatisfaction with the Wheat Equivalent formula. However replacing it with anything more satisfactory and transparent is likely to be a

challenge. Contributions expressed entirely in financial terms are, as recent events demonstrated, vulnerable to price movements and so would require a procedure for being revised at least annually and even on an emergency basis in the event of an unanticipated major food security crisis. There is a case for expressing contributions in nutritional terms or the intended number of beneficiaries, but when such formulae are explored, these also prove to be complex, opaque and difficult to administer (Hoddinott and Cohen, 2006). For some the problematic nature of such formulae points to the need to address directly the basic funding requirements for humanitarian food assistance and then the processes of assessment and consultation to ensure an effective global response to the evolving food security situation.

There are already in effect parallel in-kind and cash contributions. Physical contributions only ever made some sense and had some element of transparency for grains and could be related to energy intake needs. Expressing commitments of cereals in simple Grain Equivalent terms makes sense since wheat has lost its dominant place within food aid. As the 1999 Convention illustrates, a cash contribution can be made that can be expressed in commodity equivalent terms. The complexities of non-cereals aid, blended and nutritional products are not easily reflected except in terms of financial costs. The cost of other forms of food assistance (e.g. cash based transfers) and non-commodity costs such as twinning or transport costs are also more easily expressed in financial terms. If a new Food Assistance Convention were to include quantitative commitments, then a possible solution is to go further in the direction of allowing an optional combination of physical and cash-based commitments. However the latter would have to be expressed in real terms to avoid effects of both commodity price and currency volatility.

## **Convention Membership and the Committee**

Regarding the Committee, its membership and actual functions, there is presently a near consensus that objectives are not realised, and it is not fit for purpose. A common criticism of the Convention encountered in this review is also its lack of integration into the wider food security architecture as a stand-alone agreement with a narrow membership. The Committee is not even a broad donor club, as the present group of signatories includes only those funding about 80% of global food aid as reported by WFP INTERFAIS for 2008. There is the issue of the possible role of other stakeholders, taking into account for example the Paris Declaration on Aid Effectiveness to which signatories have committed themselves.

There are two broadly divergent views about membership. Some see a continuing useful role for a committee of donors or funders suggesting that the Convention could simply expand. Others wishing to become signatories, for example G20 countries, could also provide funding in support of food assistance. Some suggest that as a committee of funding or aid donors, it could be more appropriate for EU DAC members to participate individually rather than make a collective contribution.

The argument is that participation of the EU as a single signatory reflects the trade related origins of the Convention. This arrangement ceases to be appropriate as cash contributions replace those in-kind making food assistance more like other ODA, and it is a source of non-transparency. This direction of change would turn the Committee into a “DAC plus” body. Thus the aid architecture problem could be resolved by the Convention becoming another OECD type voluntary agreement.

Trade-related issues would remain the responsibility of the WTO CoA. Others oppose such a narrow membership. The alternative position, as argued for example by some NGOs, is that representation should be expanded to include aid recipient countries, international agencies and civil society organisations. The legitimacy and also the usefulness of a purely donor grouping are called in question. A developed version of this view is that the Committee would in effect become a sub-committee of an enhanced CFS within a wider food security architecture (e.g. Barrett and Maxwell, 2006).<sup>16</sup>

There is in contrast near consensus on the lack of and need for effective monitoring. Some see this as a matter of political will, including the need to accept some form of peer group review amongst signatories.

## A proposal for placing the Convention within the mainstream aid architecture

This review suggests three possible options or outcomes. The first is that the Convention lapses through lack of agreement. The second minimalist option, as already spelt out, is to continue with the process of modifications to the details of the agreement and to combine this with the representation of this stand alone agreement as a *food assistance convention*. The third option is to engage in a more radical restructuring. So far the presumption has been that if there were to be a radical restructuring, then this will likely involve the Convention becoming part of the evolving Rome based global food security architecture (e.g. Hoddinott and Cohen, 2007). However, to stimulate constructive discussion, it is argued here that serious consideration should be given an alternative course: the Convention would become part of the development assistance architecture organised in and around the OECD in what is called the “DAC Plus Option”.

The rationale for giving serious consideration to this option is that it better reflects the way food aid has been changing. First, if we look at the evolution of food aid more narrowly defined as reflected in commitments reported to the Food Aid Committee or by WFP INTERFAIS, then it is clear that for most donors these flows have been increasingly funded out of national development aid and humanitarian assistance budgets and not separately from a distinct food aid budget. Second, the major part of this food assistance is already provided as humanitarian assistance both as immediate and protracted relief (over 76% in 2008).

The *DAC Plus Option* implies that the new Food Assistance Convention is brought within or clearly related to the wider *development assistance architecture* including the agreements on development and humanitarian practice e.g. the Paris Declaration.<sup>17</sup> It would be DAC plus because membership might extend beyond the DAC group of donors. Presently food aid is in effect outside that aid architecture, and this move would be a way of progressively bringing food aid within the main stream of aid. The underlying presumption is that food assistance is primarily a commitment of aid predominantly in relation to humanitarian assistance. The primary objective

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<sup>16</sup> The analogy here is with the Sub-Committee on Surplus Disposal which is under the FAO Committee on Commodity Problems.

<sup>17</sup> As the USAID (2010) *Feed the Future (FTF) Guide* suggests, as part of a global food security strategy the advantage of the OECD is that it “can provide technical support to coordinate member country contributions and promote a unified approach.”

would be to ensure a minimum annual level of funding for food assistance that is assured against both global commodity market and potential wider economic sources of pressure on assistance budgets. The details of the agreement would need to be carefully worked out to ensure effective linkages to the wider humanitarian system as well as food security agencies.

- a. The Convention would be renamed as the Food Assistance Convention or Agreement;
- b. The substantially modified agreement would be relocated within the existing set of DAC and other OECD voluntary agreements on aid. (This would be no dilution since the current Convention is in effect voluntary, because signatories have unilaterally altered their commitments and there are no sanctions for non-performance. Such an agreement would pose far less difficulty in acceptance by signatories than the ratification of an international treaty.)
- c. This DAC plus agreement would include all DAC members in affirming or as signatories; and it may include new funders who are not DAC members e.g. G20 members such as South Africa or India. (Hence the reason for calling it a DAC plus option). The EU would no longer make a single commitment but member states and the EC would be free to make what they considered an appropriate commitment.)
- d. This agreement might be envisaged as a step towards a Humanitarian Aid Convention as part of wider ODA and humanitarian architecture, whilst having clear and strong linkages to the food security architecture.
- e. The Convention would include only ODA eligible transactions and would be explicitly delinked from the WTO agricultural trade agreement on the understanding that all contributions would be consistent with the modalities of a future WTO AoA.
- f. The agreement would include commitments by signatories to provide *minimum levels of food assistance* every year measured in terms of:
  - i. Cash aid in US\$ or national currency or SDRs to fund an agreed range of food assistance activities; and/or
  - ii. Grain equivalent tonnages of cereals on a fully delivered basis for the same purposes. Non-cereals might be covered under cash-equivalent contributions as would be cash and other non-commodity transfers.
  - iii. A new list of eligible activities or transactions to be determined. Contributions would be commitments on a wholly grant basis and only in forms that would satisfy the Rules of a future AoA. This list might include only those intended to support direct food assistance according to the TAFAD definition (see footnote 3). So this list might exclude government to government budgetary or BoP programme support. The status of monetization could be reviewed, perhaps allowing for the phasing out of smaller scale monetization to generate local currency support for development projects. The status of agricultural inputs including seeds would also to be reviewed.
  - iv. The total or aggregate commitment of all signatories would be expressed in equivalence terms of aid value and tonnage of (coarse) grains that could be provided, or possibly as the total number of persons who could be provided with a basic ration for one year.
  - v. *Commitments* would be announced annually in advance (*ex ante*).
  - vi. The setting of equivalences provides a basis for annual recalculation of minimum cash commitments necessary to take into account actual and anticipated commodity prices and transport costs.
- g. The Committee would include all signatories and representatives of Food Security and Humanitarian Agencies (ex-officio), and could be constituted

- with the status of an OECD DAC working group or similar within the OECD. Representatives of associations of civil society organizations might also be invited.
- h. *Monitoring* would include ex-post reporting on disbursements and related deliveries. The OECD Creditor Reporting System (CRS) could be used for statistical reporting, probably working in conjunction with the INTERFAIS for commodity-based transfers. There would be a transparent peer group review process for signatory performance in the form of an annual report on overall performance and selected more detailed reviews of performance of individual signatories modeled on the DAC peer review process.<sup>18</sup>
  - i. There would be a procedure in place for reviewing the global food and humanitarian situation, at least semi-annually including informational inputs from agencies represented. There could be a procedure, as at present, for an extraordinary meeting to address a crisis with global implications. This might be a global price spike or a regional humanitarian or food crisis so large that it had global implications. However, responding to global food crises is primarily a food security and so a CFS issue.
  - j. The Secretariat would be provided jointly by OECD and could include staff seconded by signatories. The secretariat would liaise closely with humanitarian and food security agencies and perhaps have ex-officio places on the CFS and WFP's Executive Board, for example.

In making this proposal it is important to compare it with a *Food Assistance Convention as part of global Food Security Architecture*. In the latter case, most of the elements of the DAC plus option would be included in an agreement. However, the Convention would be placed under the Rome based food security architecture. The Committee, its membership, the way commitments are made and monitored would be different. It could be envisaged, for example, as in effect an agreement under the FAO and the Committee could be a sub-committee under the CFS, including not only those making commitments but also potential aid recipients and other international agencies. The Sub-Committee on Surplus Disposal provides a precedent.

Others, for example Barrett and Maxwell (2006), have elaborated a global food security architecture within which the Convention could be located. The underlying presumption is that a food assistance convention is primarily a commitment of aid to supporting food security, and it makes sense for it to be organized in that framework. The FAC is presently a funders-only agreement that functions because signatories have accepted a responsibility for budgeting to ensure that they meet their treaty obligations. Realistically some funders may be reluctant to place their agreement within a structure that they would see as giving influence without responsibility to aid recipient country governments and possibly civil society. Some of these developing country governments are presently in an adversarial relationship with some of the signatories (Barrett and Maxwell, 2005). There is the possibility of reciprocal obligations on the part of those who are not making contributions such as for example accepting the SPHERE code of practice for humanitarian assistance.

## Conclusions

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<sup>18</sup> The review of implementation of the DAC 2001 Recommendation on Untying Aid indicates that commitments to a voluntary agreement subject to regular and transparent peer review may be effective (Clay, Geddes and Natali, 2009).

First, currently there is a wide range of views on if or how the Food Aid Convention can be strengthened. In undertaking this review, it has been interesting to compare the informal responses of stakeholders and their public statements with those made at the time of the 1999 renegotiation (Clay and Stokke, 2000). It is apparent that there is limited interest in purely cosmetic relabelling and that balance of concern and intent amongst stakeholders, including both governments and civil society, has shifted from adaptation towards a radical reconfiguring of institutional arrangements. However what appears missing is an informed basis for negotiation if this is to go beyond adaptation.

Second, amongst those arguing for radical change, there is a presumption that the free-standing Convention should be seen within a global food security architecture. Perhaps that is correct, but before accepting that view it is important to look at the Convention as it actually is and how it has evolved into having more to do with assuring minimum levels of humanitarian assistance. As more of the resources being provided as food assistance are increasingly indistinguishable from aid or ODA more broadly that implies asking how the Convention should relate to the wider aid architecture.

Third, there is a lack of robust evidence on the effectiveness of the Convention. There are the obvious difficulties in the way of finding an improved basis for determining contributions in a way that links commitments to needs. The IGC has never been provided with the in-house capacity for either monitoring or food aid policy analysis. That would seem to imply the need for external assistance and addressing these issues in the course of the negotiations, and also ensuring that the reconfigured food security architecture provides a capacity for monitoring and analysis.

Lastly, a personal view, if the Convention is to continue then the commitments that are made have to be seen to be something tangible that can be understood in funder constituencies. For example, signatories could *collectively* commit funding every year to provide sufficient cash and food to allow so many million disaster-affected and displaced people to meet their food needs. These commitments should then be in a form that is minimally affected by food or energy price or currency volatility. The group of funders should be broadened too. To do these things is a real challenge, and will require imagination, lateral thinking as well as a genuine commitment to succeed.

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**Table 1 Global Food Aid Flows by Type of Activity, 1989-2008****a. Tonnes in grain equivalent**

<b>Year</b>	<b>Emergency</b>	<b>Programme</b>	<b>Project</b>	<b>Total</b>
1989	1,750,363	6,518,762	3,341,213	11,610,338
1990	2,434,767	7,853,636	2,883,277	13,171,680
1991	3,470,599	6,634,883	2,623,234	12,728,715
1992	5,061,609	7,644,706	2,602,507	15,308,822
1993	4,250,191	10,551,561	2,520,852	17,322,604
1994	4,599,549	5,537,527	2,788,576	12,925,652
1995	3,719,719	4,147,252	2,334,080	10,201,050
1996	2,699,607	2,820,907	1,702,547	7,223,061
1997	3,276,262	1,767,672	2,275,188	7,319,122
1998	3,003,103	2,847,817	2,544,875	8,395,795
1999	4,815,394	7,825,865	2,401,262	15,042,520
2000	5,312,913	3,319,607	2,712,232	11,344,752
2001	5,422,803	2,372,037	3,150,263	10,945,103
2002	4,335,224	2,378,899	2,693,262	9,407,384
2003	6,411,934	1,534,414	2,269,414	10,215,762
2004	4,163,570	1,320,548	1,824,993	7,309,111
2005	5,257,415	1,150,933	1,879,710	8,288,059
2006	4,262,984	1,034,346	1,669,549	6,966,879
2007	3,725,694	910,871	1,405,688	6,042,253
2008	4,798,428	287,419	1,186,021	6,271,868

**b. Index: 1989 = 100**

<b>Year</b>	<b>Emergency</b>	<b>Programme</b>	<b>Project</b>	<b>Total</b>
1989	100	100	100	100
1990	139	120	86	113
1991	198	102	79	110
1992	289	117	78	132
1993	243	162	75	149
1994	263	85	83	111
1995	213	64	70	88
1996	154	43	51	62
1997	187	27	68	63
1998	172	44	76	72
1999	275	120	72	130
2000	304	51	81	98
2001	310	36	94	94
2002	248	36	81	81
2003	366	24	68	88
2004	238	20	55	63
2005	300	18	56	71
2006	244	16	50	60
2007	213	14	42	52
2008	274	4	35	54

Source: WFP FAIS, Food Aid Flows

**Table 2: Food Aid Convention 1999 Signatories: Total Food Aid as Percent of Minimum Contribution in Wheat and Grain Equivalent**

	<b>FAC Minimum Contribution WEMT 000</b>		<b>FAIS 2005</b>	<b>FAC 2005/6</b>	<b>FAIS 2006</b>	<b>FAC 2006/07</b>	<b>FAIS 2007</b>	<b>FAC 2007/08</b>	<b>FAIS 2008</b>	<b>FAC 2008/09</b>
Australia		GE	61%		63%		51%		37%	
	250	WE		72%		46%		87%		66%
Canada		GE	65%		41%		51%		62%	
	420	WE		107%		113%		124%		131%
EU(a)		GE	83%		90%		79%		62%	
	1908(a)	WE		150%		130%		114%		119%
Japan		GE	137%		80%		81%		124%	
	300	WE		118%		106%		143%		185%
Norway		GE	308%		308%		271%		163%	
	30	WE		653%		598%		343%		298%
Switzerland		GE	122%		110%		81%		70%	
	40	WE		154%		178%		175%		149%
USA		GE	142%		142%		105%		129%	
	2500	WE		193%		155%		145%		170%
Total	5448	WE		164%		138%		131%		146%

Source: Based on total food aid flows as reported by WFP FAIS (calendar year) and FAC (split year July-June)

Notes: GE: grain equivalent and WE wheat equivalent: GE less than 100%; WE less than 100%.

- (a) EU Commitment includes Commission and Member States collectively. The equivalences between cash and commodities in the EU contribution are here given as WE.
- (b) Argentina made a 30,000 WEMT contribution under the FAC, but has not reported as having provided food aid during the reference period and so has been left out of this table