

*The Effectiveness of Food Aid:  
By what Measure?*

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## *Thrust of my remarks:*

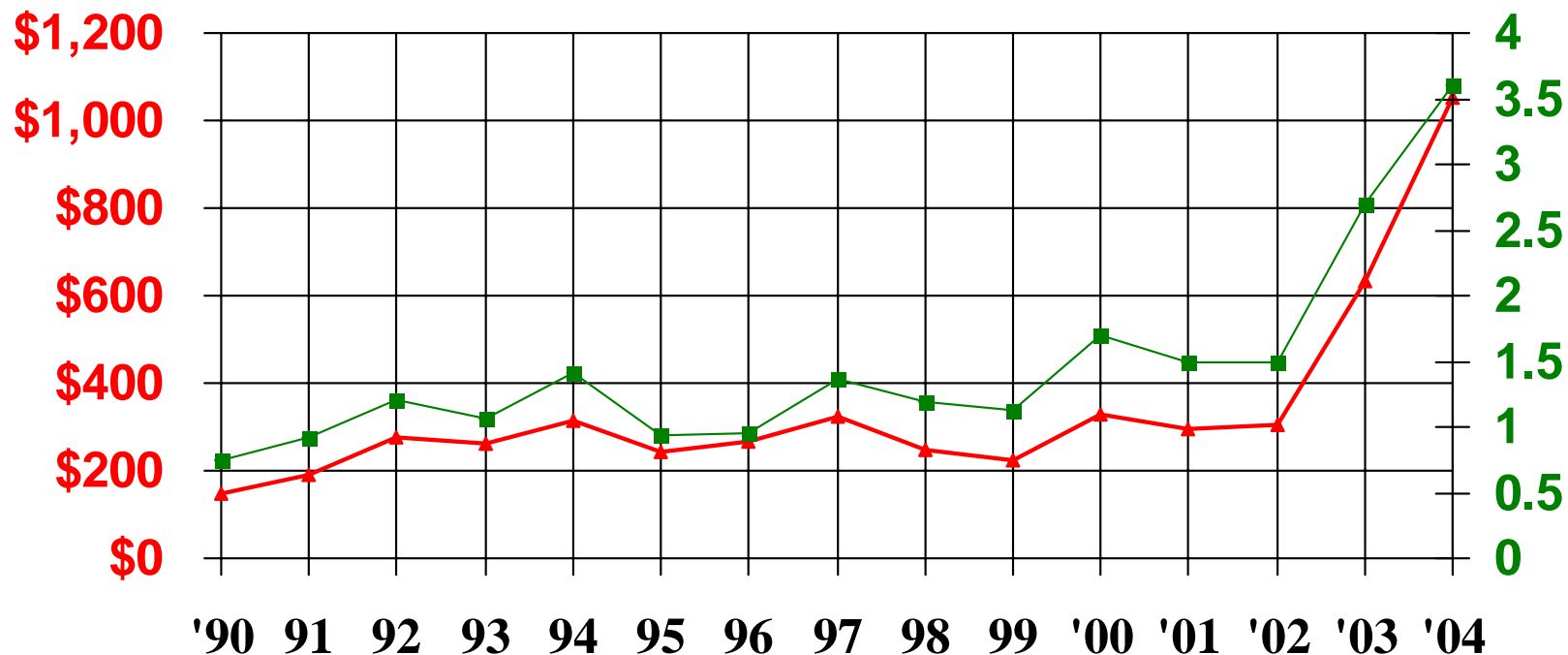
- a) “Effectiveness” must be defined by beneficiary needs
- b) ‘Food aid’ is not all same; new products/protocols
- c) Quickest, least costly, nutritionally most appropriate answer to meeting beneficiary needs will involve, i) more resources supporting food aid and ii) more flexibility in those resources—however achieved.



## WFP Food Procurement Trends 1990-2004

Value  
(US\$)

Quantity  
(MTs)



▲ Value US Million \$ ■ Qty (million Tons)



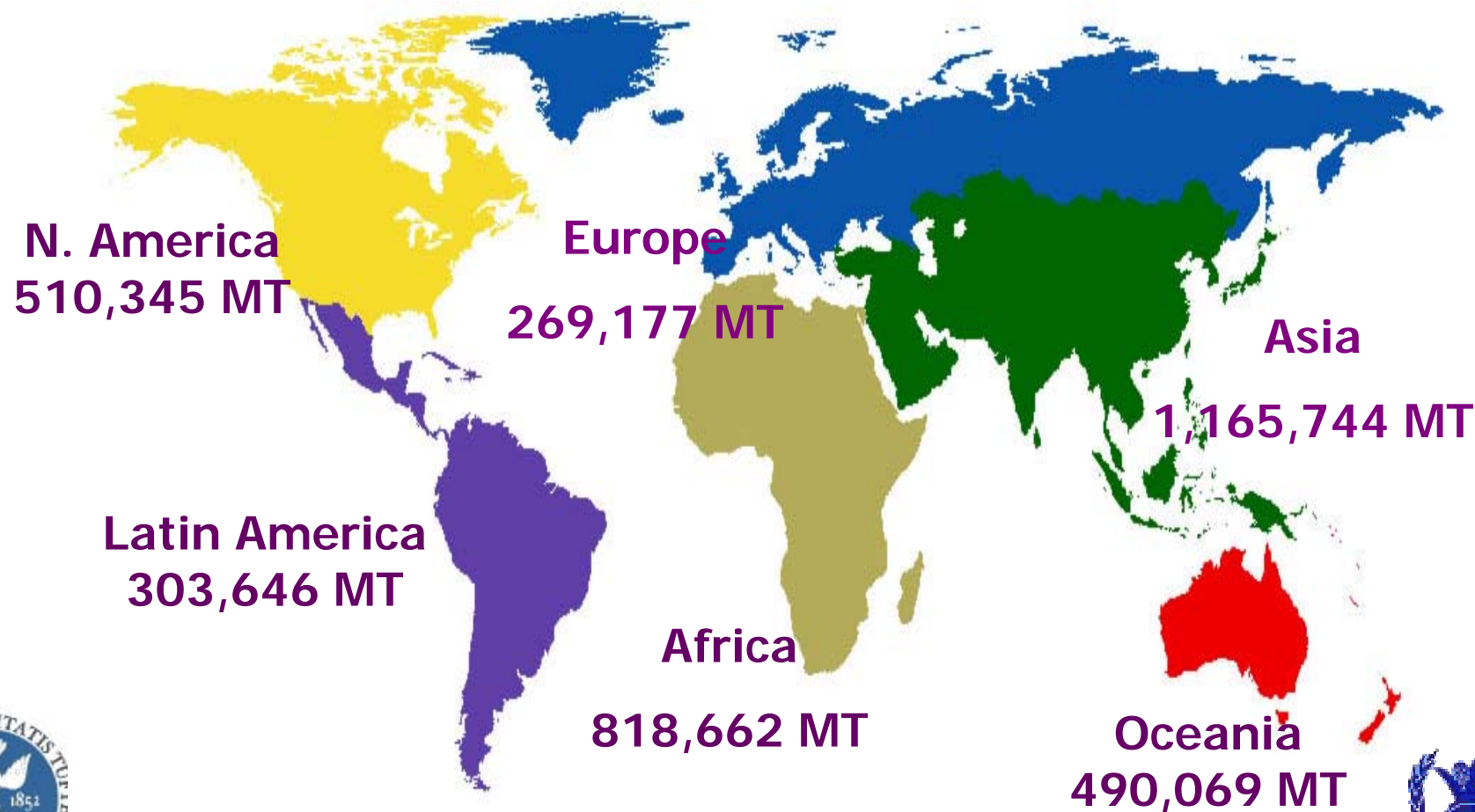
## *Local /regional purchases*

- **1.6 of 7.5 million tons global food aid (2004) procured *in developing countries.***
- **2001-2004, WFP bought 1.25 m MT p.a. (US\$ 263 million) in developing countries**
- **2004 alone: 3.6 Million MT (US\$ 1.1 Billion)**  
(1.5 million MT (US \$ 310 million) was for Iraq operation)
- **Countries from which WFP procures rising:  
78 in 2001, 91 in 2004.**



## *Location of WFP Local Purchases (2004)*

91 Countries, of which 79 Developing/in Transition



## *Origin of WFP Locally Procured food Selected Developing Countries (2004)*

<i>Country</i>	<i>US\$</i>	<i>'000MT</i>
<b>Uganda</b>	<b>26.5</b>	<b>111.7</b>
<b>South Africa</b>	<b>25.6</b>	<b>107.5</b>
<b>Ethiopia</b>	<b>25.3</b>	<b>127.8</b>
<b>India</b>	<b>30.3</b>	<b>100.5</b>
<b>Bangladesh</b>	<b>11.5</b>	<b>27.6</b>
<b>Afghanistan</b>	<b>2.2</b>	<b>10.6</b>
<b>Sudan</b>	<b>20.7</b>	<b>123.2</b>
<b>Honduras</b>	<b>1.1</b>	<b>3.4</b>
<b>Tajikistan</b>	<b>0.2</b>	<b>0.6</b>



## *Uganda*

- **1994-2004 WFP procured 600,000 MT of food, worth US\$140 million**
- **2004 alone, purchases were 115,000 MT (maize and beans), worth US\$28 million**
- **WFP 'saved' US\$12 million on maize and beans from Uganda versus import**
- But, fortified veg. oil more costly locally; monopolistic tendencies growing among suppliers (3 firms supply 60% of food); quality control a problem; peace in Sudan and Gulu could 'kill' market.



## *Origin of WFP-procured food*

31% from developed countries

COUNTRY	QUANTITY MT	VALUE US\$
Australia	490,069	85,699,884
Belgium	30,684	23,386,107
Canada	128,448	34,591,643
Denmark	27,243	19,111,617
France	19,286	48,749,079
Germany	1,190	339,008
Italy	39,972	11,547,454
Japan	58,537	13,277,817
Netherlands	21,734	14,093,148
Spain	3,000	7,561,500
United Kingdom	121	42,253
USA	381,897	67,527,621
<b>TOTAL</b>	<b>1,202,181</b>	<b>325,927,130</b>



## *Donors providing cash to WFP for purchases (selected)*

<i>Local/regional</i>	<i>%</i>	<i>Triangular</i>	<i>%</i>
European Commission	25	European Commission	28
Germany	9	Japan	23
Norway	8	Sweden	7
United Kingdom	8	United Kingdom	6



## *Challenges to local food purchasing*

- Food safety (e.g. aflatoxins)
- Moisture content (storage, transport losses)
- Finding 'surpluses' (when locals eat a little more)
- Local micronutrient fortification where needed



## *More challenges*

- Technology for tailored, blended foods
- Balanced food basket (6 to 12 items simultaneously)
- Cost of transport (insurance, 'hazard pay', timeliness)
- Multi-stop trans-shipment (warehousing at scale)
- Lack of functional banking systems,



## *More challenges*

- Transparency (monopolies, private sector)
- Interpreting dysfunctional markets (distorted signals)
- Functioning local judiciary to enforce contracts
- Predictable supply in regions of high food insecurity, closed borders, impeded access



*In sum:*

- **Local purchases do make sense/are feasible**
- **WFP welcomes flexibility of untied, cash**
- **But, the practice is more challenging than theory or political debate suggests.**
- **Need to enter this arena with eyes open:**
  - Calculate 'costs' in more refined terms
  - Enable appropriate players to do it well
  - Keep beneficiary needs at core of 'effectiveness'
- **More resources for food aid needed, not less**

