FOOD AID REFORM: THE BASIS FOR AN NGO LED REFORM PROCESS

by

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LIST OF ABBREVIATIONS

ACP	Agricultural Cargo Preference
ADM	Archer Daniels Midland
CCC	Commodity Credit Corporation
CFGB	Canadian Foodgrains Bank
CFSPG	Canadian Food Security Policy Group
CIDA	Canadian International Development Agency
DOT	Department of Transportation
FAO	Food and Agriculture Organization
FTF	Feed the Future
GAFSP	Global Agriculture and Food Security Program
GAO	Government Accountability Office
GFSA	Global Food Security Act
HRBA	Human Rights Based Approach
IDA	International Development Assistance
KCCO	Kansas Commodity Office
LIFDC	Low income food deficient countries
LRP	Local and Regional Purchase
MYAP	Multi –year assistance programs
NGO	Non-Governmental Organizations
ODA	Official Development Assistance
PVO	Private Voluntary Organizations
U.S.	United States
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
VAR	Vector Autoregressive
WFP	World Food Program
WTO	World Trade Organization

ABSTRACT

Food Aid Reform: The Basis for an NGO Led Reform Process

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United State's food aid programs are the most restrictive in the world, based on an outdated system of foreign aid that is tied to domestic agricultural production and political interests. Food aid implementers, researchers, and the international community have called for reforms, however entrenched interests in shipping, agribusiness and non-governmental organizations (NGOs) have erected serious roadblocks to change. This dissertation seeks to analyze how reform of U.S. food aid policy can be achieved through: an analysis of trends and positions within the U.S. Private Voluntary Organization (PVO) and NGO community based on survey results, a comparative analysis of the Canadian food aid reform process, and a case study of one organization's own efforts for internal policy change to end reliance on food aid resources.

Chapter 1 – Introduction and Methodology

Overview

The 2008 global food crisis, brought on largely by increasing demand and unstable prices for commodities and oil, refocused attention on the chronic problem of world hunger. Since then, record high food prices have not relented; the global food price index reached a historic high in February of 2011, surpassing records set in 2008.[1] The prices of staple goods increased significantly over the second half of 2010, especially for: maize (increased by 74 percent), wheat (84 percent), sugar (77 percent), and oils and fats (57 percent).[2] This price volatility adversely affects millions of people living on the edge of poverty and hunger around the world. The Center for American Progress reports that in developing countries, where 60-80 percent of income may be spent on food, every twenty percent increase in food prices results in another 100 million living on less than a dollar a day.[3] The impact of hunger on developing countries is not just short term; there

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[1] "High Food Prices: 10 Questions Answered." *WFP.org.* World Food Programme, 10 October 2011. Web. 12 October 2011.

[2] "Global Food Prices in 2011: Questions & Answers." *http://oxf.am/ZY7*. Oxfam International, nd. Web. 12 October 2011.

[3] Caldwell, Jake. "Food Price Crisis 101." *Center for American Progress*. 1 May 2008.

are long term impacts of chronic hunger that adversely effect people's lifelong productivity, resulting in minimum lifetime income losses between seven and twelve percent.[4]

The first half of the twentieth century was marked by environmental degradation, extreme weather, conflict, and economic loss that exasperated the vulnerable positions of the poor.[5] Experts expect the number of food insecure people to continue to rise until certain factors can be improved upon, such as agricultural production levels in Africa. In response, the United States, along with Canada and Spain, led an international effort to organize donor countries to increase global investments in agricultural development and long-term food security. Since 2009, the issue of food security has become a central tenet of discussions at the G-8 and G-20 summits, including the L'Aquila dialogues which resulted in pledges totaling $20 billion over three years by many rich nations of the world in 2009; the U.S. share was $3.5 billion. Additionally, donor countries agreed to better coordinate their food security programs at the country level through the newly established Global Agriculture and Food Security Program (GAFSP) housed at the World Bank.

Despite these steps to improve global food security, the U.S.'s primary program

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[4] Alderman, Harold, John Hoddinott, and Bill Kinsey. *Long-Term Consequences of Early Childhood Malnutrition*. International Food Policy Research Institute (IFPRI). April 2004. Print.

[5] Nicogossian, Arnauld; Zimmerman, Thomas; Kloiber, Otmar; Grigoriev, Anatoly I.; Koizumi, Naoru; Heineman-Pieper, Jessica; Mayer, Jeremy D.; Doarn, Charles R.; and Jacobs, William (2011) "Disaster Medicine: The Need for Global Action," *World Medical & Health Policy*: Vol. 3: Iss. 1, Article 1.

to fight acute hunger remains largely unchanged. The World Food Program (WFP) has called on the industrialized countries of the world to contribute more towards emergency food assistance, especially assistance in the form of cash and in foreign assistance geared towards improving agricultural development in the hardest hit areas.[6] The current structure of U.S. food aid programs does not provide for the flexibility that many implementers, such as WFP, need to adequately assess and address crisis on the ground. The food crisis of the past several years has intensified the debate surrounding the utility of U.S. food aid and whether the current system, which many view as antiquated and inefficient, is effective in providing aid and relief to those in need.

U.S. food aid is largely based on supplying U.S. agricultural commodities to countries in need; since its inception in 1946, more than $73 billion in food aid has been dispersed through bilateral programs or to multilateral institutions.[7] To many, food aid is a win-win situation; U.S. agricultural commodities are supported and people vulnerable to hunger have access to much needed food supplies. However, food aid is a policy area fraught with controversies and even the most basic question of whether food aid has ameliorated the situation for hungry people in the long run is seriously debated in the international policy arena and in scholarly communities. Significant debates have also focused on the potential disincentive effects of food aid and price distortion in local

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[6] Ibid.

[7] Simmons, Emmy. *Reconsidering Food Aid: The Dialogue Continues*. Washington: The Partnership to Cut Hunger and Poverty in Africa, 2007.

markets, as well as the means by which this aid is distributed.

These debates have resulted in numerous studies and reports issued by Non-Governmental Organizations (NGOs), the private sector, and the government justifying the need to reform the current food aid system to make it more efficient and effective. Yet, despite building evidence, little has been done to effectively reform these programs, in part due to the vested interests of shippers, agribusiness and some Private Voluntary Organizations (PVOs) and NGOs[8]. These groups represent stakeholders in an entrenched system of food distribution that appears immune to change. Canada faced similar issues in the 1990s but eventually reform of their food aid policy was successful, in large part due to the persistent efforts of domestic NGOs.

The global efforts to address food security in a more coordinated and sustainable manner has sparked some internal review and reprioritizing of activities as well. In February 2009, the NGO community released a comprehensive strategy that addressed emergency needs, nutrition, safety nets and agricultural development programs. Soon after the State Department began developing a new strategy to address hunger early in 2009 and released an early draft strategy to stakeholders. The release of this document coincided with the G20 meetings so that the U.S. could demonstrate its recommitment to

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[8] A Non-Governmental Organization (NGO) is a private, voluntary citizen's organization. A Private Voluntary Organization (PVO) is a U.S. non-governmental organization that carries out activities to meet the purposes of PL. 480 or the Foreign Assistance Act (FAA) of 1961. All PVOs are NGOs, but not all NGOs are PVOs.

addressing global food security issues in a sustainable way. In May 2010, the Obama Administration officially launched the *Feed the Future*[9] presidential initiative.

To support this work, the President's budget request for FY2011[10] included $1.8 billion to fund the Global Hunger and Food Security Initiative (GHFSI), or *Feed the Future*, represented an increase of 98 percent over FY2010 enacted levels.[11] This funding was in addition to $4.2 billion for emergency and humanitarian relief, of which $1.69 billion was for Public Law (P.L.) 480.[12] The request for agricultural development programs within the GFSHI was 42 percent higher than the FY2010 enacted levels.[13]

These recent efforts have made significant strides towards refocusing U.S. food security policy from its primary focus on food aid to long-term sustainable approaches to food security. Still, *Feed the Future* fails to address more acute hunger needs or integrate emergency food aid into its approach[14], thus maintaining the status quo on traditional food aid. These new approaches are not reform of food aid as much as they are a restructuring and reprioritizing of food security related programs to make them better

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9 United States. Department of State. *Feed the Future Guide*. Washington: GPO, May 2010. Print.

10 United States. The White House. *Budget of the United States Government, Fiscal Year 2011.* Washington: GPO, 2009.

11 United States. Congressional Research Service. *International Food Aid Programs: Background and Issues*. Washington: GPO, 2010. Print.

12 Ibid., pg. 14.

13 Ibid.

14 United States. Department of State. *Feed the Future Guide*. Washington: GPO, May 2010. Print.

coordinated and effective. Organized resistance to the significant restructuring of commodity based food aid will likely continue to hamper a true reform process.

This dissertation is not an analysis of food aid's pros and cons, effectiveness, or inefficiencies. Rather, this dissertation will focus how, given the evidence base that establishes a significant set of problems with food aid, how NGOs perceive food aid and whether a reform movement can grow out of this sector. Furthermore, this research will address whether NGOs can effectively move the governmental agenda[15] on food aid. The following research questions are addressed:

1*) What are the factors dividing the NGO community in the area of food aid policy reform?*

2) Are there positive trends within U.S. NGOs that indicate a willingness to engage in food aid reform? What are the characteristics required to inspire reform?

3) *What have been the calls for desired policy reform in the United States through 2010 and how do they compare with similar efforts in Canada in 1999?*

To understand the desire for and resistance to reform, one must understand that current food aid policy is the result of history and the efforts of stakeholders (discussed in

[15] Kingdon, John W. *Agendas, Alternatives, and Public Policies*. United States: Addison-Wesley Educational Publishers, Inc, 2003.

more detail in the next chapter) to maintain the status quo. If not for these stakeholders, food aid might have developed better to fit current global needs as well as international aid programs. The resistance of powerful interest groups, coalitions and alliances, however, has held back substantive reform.

Methodology

U.S. food aid programs are the most restrictive in the world, based on an outdated system of aid tied to domestic agricultural production, powerful stakeholders, and political interests. Food aid implementers, researchers, and the broader foreign aid community have called for reforms, however entrenched interests in shipping, agribusiness and even the PVO and NGO community have erected serious roadblocks to change. This dissertation seeks to analyze the process necessary to reform of U.S. food aid policy through the year 2010. PVO and NGO perceptions of food aid will be evaluated based on the results of an online administered survey. A case study of one organization's own efforts for internal policy change will be analyzed to identify the criteria necessary to provide an impetus for change. Finally, an analysis of the Canadian example of NGO-led reform is analyzed to draw analogies to the U.S. scenario.

This dissertation will employ a literature review of subject related material, comparative analysis, a case study, and survey analysis to answer the research questions previously stated.

1) Literature Review

A thorough review of literature related to food aid policy, reform, and stakeholders was completed, providing background regarding the documented inefficiencies in the food aid system that many experts believe warrant reform. As food aid has been part of U.S. foreign assistance policy for more than five decades, and a significant amount has been written during this period, the literature review was limited to research from the last ten years, with some key exceptions. Much of the literature on food aid is directly related to the nutritional quality and impact of the food delivered. Literature related to reform proposals, efforts and stakeholders is much more limited, and included:

- Articles, books, congressional hearings, reports and data related to reform to food aid and interest groups within food aid:
- Databases searched including: ProQuest, ScienceLink, PubMed and LexusNexus with search terms food aid, food aid reform, monetization, politics and food aid, food security policy, commodities and food aid, micronutrients and food aid. Search engines included Google.
- Literature related to the similarities and differences between U.S. and Canadian policy development, especially related to foreign policy and foreign assistance.

2) Comparative Analysis

Prior to 2002, government restrictions 'tying' food aid to domestic agricultural production in Canada were similar to those currently in place in the U.S. Some major differences separate the two systems, such as: 1) the vast difference in the number of NGOs between the two countries; 2) participants in the food aid process; and 3) the Canadian legislative policy process. In order to examine the Canadian model, this dissertation:

- Researched reform efforts within the Canadian food aid system through literature reviews, reports, and interviews.
- Searched databases including: Proquest, Lexus Nexus, Google with keywords: Canada plus foreign aid; Canada plus food aid; Canada plus food aid reform; Canadian Food Grains Bank; Canada plus 2004 tsunami.
- Interviewed key NGO actors in the Canadian food aid reform process to gain insight into the NGO process that spurred reform.
- Analyzed the Canadian model of food aid reform and drew reasonable similarities and differences to the U.S. model.

PVO and NGO Behavior

Within the U.S. framework, many PVOS and implementing NGOs have a vested

interest in how the U.S. government carries out foreign assistance programs. For many, the monetization of food aid commodities provides a critical source of funding for their development programs. With this in mind, what would motivate NGOs who utilize, and in many cases monetize, food aid to either advocate for policy reform or alter their own food security programming? To analyze this question, this dissertation takes on two studies of NGO behavior. The first component is an analysis of NGO perspectives based on of the results from a survey designed to gather information on the current positions of NGOs on food aid policy. The second analysis piece is a case study of the international NGO and relief organization CARE that began an internal review process of its food aid programs in 2005. From this case study, characteristics are identified that reveal the types of changes an organization may need to go through before reforming its own food aid policies.

3) Survey

- An online survey of twenty questions was distributed to approximately 60 NGOs registered with the USAID and participating in food aid programs to ascertain their position and trends on proposed reforms to food aid.
    - Of those surveyed, approximately 15 percent of NGOs surveyed responded.
    - Survey results were analyzed for similarities and patterns in

practice and policy. Because of the limited sample, no statistically significant results could be garnered, however, the responses serve as a litmus measure of the general perception of U.S. food aid programs and potential reform

4) Case Study

- The NGO CARE USA served as a study into the internal and external factors that resulted in their reformed position on food aid.
- Key CARE staff persons were interviewed about the organization's prior food aid programs and the decisions connected to their monetization purposes.
- Internal position papers, reports, and data that helped factor into this decision were reviewed.
- Reports on implementation of reforms and impacts (including anticipated impacts) were reviewed.

Chapter 2- Food Aid Background and Calls for Reform

The primary purpose of the Title II program is to save lives and having more flexibility in our programs to use cash to buy food locally will save lives. The fact that United States farmers and shippers are able to benefit from the Food for Peace program is an important, but secondary benefit. It is not the primary objective of the program. The primary objective is to save lives.

– Andrew Natsios, former USAID Administrator[16]

An Overview of Food Aid—Structure and Effectiveness

United States (U.S.) food aid programs were initiated following World War II when two factors predominated: the agriculture sector was facing surpluses, and the nation was focused on winning allies during the Cold War.[17] The role of the U.S. in food aid is significant; overall, the country contributes the largest sum in contrast to other international donors. Since 1970, the U.S. government has provided over half of the total annual food aid flows around the world.[18] Non-emergency food aid comprises

16 Natsios, Andrew. Food Aid Export Conference. Kansas City, MO. 3 May 2005. Keynote Address.

17 Marchione, Thomas J. "Foods provided through U.S. Government emergency food aid programs: Policies and customs governing their formulation, selection and distribution." *The Journal of Nutrition*. 132.7 (2002): S2104-S2111.

approximately 2.7 percent of the total U.S. foreign aid budget, with some emergency food aid categorized under humanitarian aid, which receives 9.7 percent of the budget allocation.[19] Since 1946, more than 106 million metric tons of food has been shipped to 135 countries, according to a 2004 report by the US Agency for International Development (USAID).[20]

Despite budgetary fluctuations and prioritization of titles, food aid policy and program architecture has remained relatively static since President Eisenhower signed into law the Agricultural Trade Development and Assistance Act of 1954 (P.L. 480), commonly referred to as "The Food for Peace Act." P.L. 480 authorizes three distinct program divisions, or titles. Title I has a market-development focus which "has been provided commercially under long-term, low interest loan terms."[21] Title II includes emergency and project aid, granting food aid for humanitarian relief, and non-emergency purposes; it also funds the "*Farmer to Farmer"* program.[22] Finally, Title III authorizes 'program food aid', which provides low interest government-to-government grants to

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18 *The Future of Food Aid*. Washington: Bread for the World Institute. 2006. pg. 6.

19 United States. Congressional Research Service. *Foreign Aid: An Introductory Overview of U.S. Programs and Policy*. Washington: GPO, 2007.

20 United States. Agency for International Development. "Celebrating Food for Peace, 1954-2004" as quoted in Simmons, Emmy. *Reconsidering Food Aid: The Dialogue Continues*. Washington: The Partnership to Cut Hunger and Poverty in Africa, 2007.

21 Congressional Research Service.

22 The Farmer to Farmer program sends U.S. volunteers to provide technical advice and training to farm and food-related groups throughout the world

provide food assistance to poor countries unable to meet their own food security needs.[23]

Title I consists of commodity sales by the U.S. to other governments or private entities in developing countries through low-interest credit provisions.[24] This title serves the dual purpose of helping to ameliorate the immediate needs of the hungry, while simultaneously expanding international trade and promoting market development for U.S. agricultural goods.[25] In contrast, Title II of P.L. 480 may be viewed as slightly more altruistic; it is administered by USAID and the United States Department of Agriculture (USDA), and allows for the "outright donation of U.S. agricultural commodities to meet humanitarian needs around the world…Commodities are currently obtained by purchase from private producers or from stocks held by USDA's Commodity Credit Corporation (CCC)."[26] This title of the Food for Peace program also accounts for the transport, storage and distribution costs connected with the donations.[27]

Up until 1990, 'program' food aid was the most common and was especially important during the mid-1980s.[28] This type of food aid has become an insignificant part

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[23] Congressional Research Service, pgs. 8-9.

[24] Shapouri, Shahla and Stacey Rosen. "Fifty Years of U.S. Food Aid and Its Role in Reducing World Hunger." *Amber Waves*; Sep 2004: 38.

[25] Bread for the World Institute., pg. 2.

[26] Swanson, Ryan. "Fighting World Hunger: U.S. Food Aid Policy and the Food for Peace Program." *AgExporter*. 1 Oct. 2004: 4-8.

[27] Ibid.

[28] Simmons, Emmy. *Reconsidering Food Aid: The Dialogue Continues*. Washington: The Partnership to

of current food assistance practice since the 1990s; this title has not received funding since 2001.[29] However, in the post-Cold War era of the 1980s and 90s, as food stockpiles in the U.S. became less commonplace, program food aid declined by more than 90 percent. As this aid declined in importance, emergency and 'project' food aid under Title II increased in part because food security became a primary policy objective of the Food for Peace programs. The majority of food aid funding is now budgeted for Title II programs through which NGOs receive funding to administer aid and relief programs.

According to Maxwell and Templer, there are nine ways in which food aid is distributed. Beyond the use of food aid for the aforementioned in-kind donation of commodities and the practice of commodity exchange, food aid has also been sold into markets for stabilization, used for structural adjustments purposes, and to address food security and poverty reduction.[30] The remaining distribution types involve the practice of monetization that range in use and purpose. Monetization is, "the process whereby donated food is sold into local markets in recipient countries and the local currency revenues thus generated are used for specified purposes"[31] related to food security purposes of vulnerable populations.

Cut Hunger and Poverty in Africa, 2007.

[29] Shapouri and Rosen, pg. 41.

[30] Maxwell, Simon and Guy Templer. "The Monetization of Project and Emergency Food Aid: Project Level Efficiency First." *Food Policy*. 1994, 19 (1) 9-15.

[31] Simmons, Emmy. *Monetization of Food Aid: Reconsidering U.S. Policy and Practice*. Washington: The Partnership to Cut Hunger and Poverty in Africa, June 2009.

Monetization was first authorized as an approach to food aid through P.L. 480 Title II in the Food Security Act of 1985.[32] In some cases, monetization is used at the project level to allow more flexibility between the use of cash and commodities in addressing hunger. Other times partial monetization occurs to cover food-related costs or other non-food input costs. Full monetization occurs to provide funds for development projects; often in these cases the food is sold in the capital of the country or in seaports and the funds used locally elsewhere. Full monetization can also be used for market development to help stimulate or develop local markets for price stabilization purposes or to increase the supply of food through various channels.[33]

Monetization is increasingly utilized by development agencies, but is also debated as to its utility and appropriateness. It has developed into a standard practice of development agencies that was further institutionalized in the 2008 Farm Bill with the creation of a 'safe box'. The safe box established a set aside amount of of project food aid resources that are explicitly for monetization purposes to fund non-emergency, food security related development programs.

Calls for Reform

In the more than fifty years since Food Aid's inception, there have been many

[32] Maxwell and Templer., pg iv.

[33] Ibid., pg. 10-11.

contradictory opinions that challenge the current system governing food aid, especially in regard to its impact on local countries and distribution practices. Over the past decade, the debate over the futility and efficiency of food aid distribution and the practice of monetization has intensified. This escalation is in part the result of improved data collection, changing sociopolitical scenarios, and advances in transportation and market analysis that should impact the practice of food aid.

The Impact of Food Aid on Reducing Hunger

The impact of food aid on reducing hunger has long been called into question and it is for this reason that experts question the value of the program as it currently stands. Shapouri and Rosen of the U.S. Department of Agriculture (USDA) take a close look at the effectiveness of food aid in reducing hunger over the past 50 years. In their study, "Fifty Years of U.S. Food Aid and Its Role in Reducing World Hunger,"[34] the authors use the Economic Research Service of the US Department of Agriculture's annual *Food Security Assessment* to determine that the overall contribution of food aid to total food consumption is small (only four percent of food consumption on average). However, they point out that the "importance of food aid is more pronounced when it is measured at the country level at particular points in time."[35] Conditions of war can stress a country's

[34] Shapouri and Rosen, pg. 38.

[35] Ibid., pg. 40.

food resources; for example, in Somalia, food aid contributed to 70 percent of food consumption in that country during its civil war in the early 1990s. Similarly, Rwanda needed food aid to supplement a third of its food consumption in the late 1990s.[36]

Shapouri and Rosen do not dispute the necessity or effectiveness of food aid in saving lives during an acute hunger crisis or in areas of extreme scarcity. The authors do find fault, however, in the way that food is distributed. The authors note that ideally food aid would match consumption shortfalls. Inequities in distribution, however, often result in unstable levels of food consumption across countries. This means that countries with the most need are not always adequately served.[37]

Again, using data from ERS, this study finds that over a nineteen-year period food aid matched consumption shortfalls in only two of these years. In other years during that same period, food aid exceeded consumption shortfalls (five of the nineteen years) or lagged behind shortfalls (twelve of the nineteen years).[38] Food aid effectiveness, or the amount of food aid that actually went towards reducing food gaps in recipient countries, averaged just 66 percent between 1991-2000.[39] The authors are not alone in their assessment; there is a considerable body of literature focused on the inefficient distribution systems and targeting of food aid from political, economic, and humanitarian

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[36] Ibid.

[37] Ibid

[38] Ibid

[39] Ibid., pg. 41

views. There are an equal number of reports and studies focused on recommendations of how to improve, or fix, the international food aid system.

The world is not the same place that it was in the 1950s when food aid was inaugurated, but the practices described above are a relic of this time and are inadequate to meet current demands. Thus Marc Cohen of the International Food Policy Research Institute argues that a more complete approach to combating world food shortages is needed than is currently employed.[40] Food aid is essential, argues the author, to relieve many humanitarian emergencies and can be useful to what he refers to as low-income, food deficient countries (LIFDCs) facing foreign exchange constraints or severe indebtedness, helping in those instances to eliminate food gaps and improve food security concerns among vulnerable groups.[41] Nevertheless, Cohen stresses that agricultural development and trade liberalization measures would promote sustainable growth and food security are missing.

Impacts on Countries; Disincentive and Market Effects

Per capita food production sharply declined in the 1970s and 80s in Sub-Saharan Africa and although some gains have been made in the past two decades, levels remain

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[40] Cohen, Marc J. "Food aid and food security trends: worldwide needs, flows and channels". The Hague: EuronAid, 2000. Pg. 16.

[41] Ibid., pg. 15.

approximately twenty percent below those recorded three decades ago.[42] During this period, food aid flows increased substantially, although not always consistently, into the region. This had led many to believe that food aid displaced local crops, served as a disincentive for local food production and had trade distorting impacts. Frederic Moussau of the Oakland Institute reported that the Food and Agriculture Organization (FAO) of the United Nations was concerned over sustainability issues related to the types of food aid employed by the U.S. from the outset. He writes that, "desirable, and in the long run, necessary agriculture development in the receiving countries will not take place if P.L. 480 exports are continued and expanded."[43] The FAO warned of the potentially harmful effects of food aid on local agriculture; the organization was apprehensive, "that desirable, and in the long run, necessary agriculture development in the receiving countries will not take place if PL480 exports are continued and expanded."[44]

Other experts have also voiced concern over the disincentive effect that food aid distribution or the sale of subsidized agricultural goods could have. *The Natural Resources Forum* featured a *Viewpoints* article that posed questions regarding the impact on markets in developing countries of food aid and agricultural subsidies. In the first

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[42] Abdulai, Awudu, Christopher Barrett and John Hoddinott. "Does Food Aid Really Have Disincentive Effects: New Evidence from Sub-Saharan Africa." *World Development*. 33:10 (2005). 1689-1794,

[43] Mousseau, Frederic . "Food Aid or Food Sovereignty? Ending World Hunger In Our Time." The Oakland Institute. Oakland, CA: October 2005.

[44] Ibid., pg. 50

article, experts addressed the question, "In your view, do agricultural subsidies in developed countries benefit or harm the majority of the poor in developing countries?" Barbara van Koppen, Principal Researcher at the International Water Management Institute, answered that, "Subsidized agricultural exports to developing countries and, worse, food aid kill the output markets of smallholders there, who encompass the majority of the world's poor …"[45] In the same article, C. Peter Timmer of the Center for Global Development stated:

> *In the short run, over five years or so, the impact has been to lower food prices. Since poor people spend a large proportion of their budget on food, these lower prices have raised the welfare of the poor; but only in the short run. Over the longer run, the artificially low prices in world markets have reduced incentives in developing countries to invest in their agricultural sectors, taken market share away from their farmers, and generally induced an urban bias to development efforts.*[46]

A 2006 study by Ayele Gelan examined the impact of cash versus in-kind food aid in Ethiopia[47] in an effort to bridge the gap that the author perceived between two prevalent debates around food aid; that of cash versus in-kind aid and the disincentive

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45 "Viewpoints." *Natural Resources Forum*. 31 (2007):318–321

46 ibid.

47 Gelan, Ayele. "Cash of Food Aid? A General Equiibrium Analysis for Ethiopia." *Development Policy Review*, 24:5 (2006): 601-624.

hypothesis.[48] Through the use of a simulation experiment that distinguished between the effect of food aid and cash transfers, Gelan found that cash aid had larger positive effects on household welfare and that food aid does produce a disincentive to local agricultural production.[49] The injection of cash into the economy would have an initial multiplier effect that would benefit households greater than those receiving cash transfers to other sectors, such as food producers and transportation providers. The author also discredits studies that show that such influx of cash has upward pressure on food prices and that, "net buyers of food, such as urban and rural wage-earners, do not necessarily get hurt as a result of abolishing food aid, because its expansionary effect in terms of generating employment and income outweighs any adverse effect coming from food price increases."[50]

Not all experts agree, however, with this theory of disincentives. One of the foremost researchers on the economics food aid and food security issues, Christopher Barrett, along with two other researchers, Awudu Abdulai and John Hodinott, studied the veracity of disincentive claims in Sub-Saharan Africa and emerged with different conclusions.[51] The researchers examined both the micro-level impacts through survey data from Ethiopia in addition to macro-level impacts through national production levels.

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[48] Ibid., pg. 620.
[49] Ibid., pg. 614-615.
[50] Ibid, pg. 621.
[51] Abudalai.

It is acknowledged that previous studies found, using comparison of means or simple regressions, that there was a disincentive effect of food aid on household behavior. However, these studies failed to control for characteristics like age, land holdings, education, and sex, which, when controlled for in this study, the researchers argue caused the apparent disincentive effects to disappear. With certain econometric controls, in some cases food aid may be attributed to stimulated food production.[52]

For their macro-analysis, the researchers employed a vector autoregressive (VAR) model of two variables at the national level: a time series of food aid and food production across countries in Sub-Saharan Africa to construct a panel data set the VAR model could be applied to.[53] Analysis showed that once factors such as rainfall, disasters, and country characteristics (geography, climate, colonial ties) are controlled, the negative correlations between food aid and food production, evidenced in previous simpler statistical analysis, disappear.[54] The researchers caution against generalizing any results to cover the realm of regional, country and community specific circumstances that may alter these findings and where their results might not hold up. Yet the econometric models employed by this study far exceed the work done by others in this field and provide a basis for questioning the more broadly accepted assumption that food aid results in disincentive and market distorting effects.

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[52] Ibid., pg. 1690

[53] Ibid,, pg. 1697.

[54] Ibid.

Monetization

The potential effects of monetization on local and regional markets is yet another area of contentious debate. While written soon after the practice of monetization began, Maxwell and Templer's article describing the issues of monetizing food aid remain relevant. Their concerns over the practice stemmed from the basic belief that "…most of the growth in monetization is taking place for what we think is the wrong reason: as an easy way to obtain cash, rather than as a way to improve project efficiency."[55]

At the time that Maxwell and Templer completed their research, monetization was still a relatively new practice, however the researchers were concerned with the direction that the practice was headed. Where monetization was intended to provide cash alternatives or to help fund expenses related to food security and related development projects, analysis of the data found that the majority of monetization projects went to cover internal transport, storage and handling.[56] The researchers purport that monetization is not a bad practice in and of itself, but rather it's increased use as a means of increasing cash flow is problematic. The use of direct food distribution or cash alternatives should be determined on a case-by-case basis and when needed, monetization can be effectively used to increase the amount of cash available to carry out food security projects. The authors conclude that:

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55 Maxwell and Templer, pg. 11.

56 Ibid., pg. 11.

> *...is 'project-level efficiency first'. The main justification for monetization of project and emergency food aid should not be raising cash. Rather, it should be to support appropriately efficient projects, which reduce poverty and improve food security. This requires the choice between food and cash to be justified in each case.*[57]

The Partnership to Cut Hunger and Poverty in Africa, a Washington DC based NGO, issued a report in June 2009 focused on monetization policy and practice. The report stemmed from a workshop the organization hosted in March 2006 on U.S. food aid, during which a lack of consensus was reached by participating NGOs on the impacts of monetization. The report's analysis identifies a key set of benefits and risks associated with monetization. In terms of principal benefits, the study delineates six possible benefits including: increased food availability in recipient countries; the funding of other development activities; and the promotion of market development.[58]

At the same time, the report lists several risks and costs associated with monetization including: the potential disruption of local markets, and provide disincentives for production; the creation of market dependency on food aid commodities by recipient countries; and the wasting of U.S. foreign aid given that local currency

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[57] Ibid, pg. 14.

[58] Simmons, Emmy. *Monetization of Food Aid: Reconsidering U.S. Policy and Practice*. Washington: The Partnership to Cut Hunger and Poverty in Africa, June 2009.

revenues generated are lower than actual costs.[59] Several recommendations for increasing program efficiencies are proposed, including a "dollar-based approach to funding food security-oriented programs [that] would be more efficient and would enable implementing organizations to achieve the same project benefits that they now seek."[60] By providing a dollar of development assistance for projects that are currently funded through monetized commodities, efficiency would increase by almost 50 percent and the concerns of "market distortion, commercial displacement, and farmer disincentives would be eliminated at a stroke."[61]

A recent GAO study found that the inefficiencies of the monetization process resulted in a loss of $219 million in U.S. government funding for development projects over a three-year period.[62] The study found that the cost recovery by USAID and USDA for monetization transaction was just 76 and 58 percent respectively. There is also no assurance that monetization does not adversely impact local markets because "[USAID and USDA] monetize at high volumes, conduct weak market assessments, and do not

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[59] Ibid., pg. 30.

[60] Ibid., pg 48.

[61] Ibid.

[62] United States. Government Accountability Office. *International Food Assistance: Funding Development Projects through the Purchase, Shipment and Sale of U.S. Commodities is Inefficient and Can Cause Adverse Market Impacts.* Washington: GPO, 2011.

conduct post-monetization evaluations."[63] The overall assessment of monetization by the GAO is discouraging, painting a picture of inefficiencies and wasted resources:

> *...monetization of U.S. food aid…is an inherently inefficient way to fund development projects and can cause adverse market impacts in recipient countries. The monetization process results in the expenditure of a significant amount of appropriated funds in unrelated areas such as transportation and logistics, rather than development projects. Moreover, the potential for adverse market impacts, such as artificially suppressing the price of a commodity due to excessive monetization, could work against the agricultural development goals for which the funding was originally provided. ... as a source of funding for development assistance, monetization cannot be as efficient as a standard development program which provides cash grants directly to implementing partners.*[64]

The value of monetization has been debated since Maxwell and Templer's article first appeared in the journal of *Food Policy* in 1994. As the practice became more commonplace and institutionalized, and critical to the funding of development projects of many development organizations, the debate has become polarized. There have been serious fractures in coalitions and changes to the way that important development organizations define their mission and carry out their work, which will be discussed more fully in the following chapters. Yet, there is surprisingly little literature to either support

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63 Ibid.

64 Ibid., pg. 45.

or condemn the practice of monetization in the current literature. Simmons notes in the Partnership's report that is a, "paucity of quantitative information at all levels. Further, most analyses are partial in nature…"[65] Perhaps, as Maxwell and Templer point out, further analysis and determination of monetization's use should be done on a project-by-project basis. This discrete level of analysis does not allow for broad analysis of a simple 'good or bad' hypothesis.

Other Causes of Inefficiency

Perhaps the most straightforward food aid critique is the well-documented inefficiencies caused by the program's antiquated architecture. Emmy Simmons writes in the final report of "Reconsidering Food Aid: The Dialogue Continues"[66] that the disadvantages of the current food aid structure include the high cost of delivering food procured in the U.S.; "counter-cyclical availability as food aid volumes supplied decrease with rising prices; difficulties in providing a culturally acceptable, full and nutritionally adequate ration…"; slow response times in times of crisis, high transaction costs; and "possible disruption of local and regional markets for the same or competitive

[65] Simmons, Emmy. *Reconsidering Food Aid: The Dialogue Continues*. Washington: The Partnership to Cut Hunger and Poverty in Africa, 2007. Pg. 29.

[66] Ibid., pgs. 29-30.

commodities."[67]

These disadvantages Simmons associates with food aid are well documented, especially by government agencies including a series of reports issued by the Government Accountability Office (GAO). The most substantial of these reports identified several key issues that make food aid programs inefficient and most of which have been highlighted by other studies detailed here. The report identified several issues in the procurement, contracting and planning processes that significantly increased costs as well as in targeting vulnerable populations and food aid quality and nutritional value.

One area under critical review is the legislative and regulatory mandates that impact program efficiency, especially in the areas of transportation and procurement. The cargo preference mandate, applied to food aid programs, requires that 75 percent of gross tonnage of all, "government-generated cargo be transported on U.S. flagged vessels."[68] An additional mandate requires that 25 percent of Title II bagged food aid tonnage be allocated to Great Lakes ports each month.[69] Such restrictions contribute to increased program costs; for Title II programs, 65 percent of costs are for transportation. Rising transportation and business costs led to a 52 percent decline in average tonnage between

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67 Ibid., pg.15.

68 United States. Government Accountability Office. "Various Challenges Impede the Efficiency and Effectiveness of U.S. Food Aid." Washington: GPO, 2007.

69 Ibid., pg. 13.

2002-2007.[70] The cargo preference mandate also impedes timeliness and negatively impacts program efficacy, with the average time for U.S. food aid to reach its recipient countries ranging between four and six months.

In 2009 an article by Derek Hanson in the *Public Contract Law Journal* analyzed the many inefficiencies of the food aid programs, highlighting, "the domestic preferences that restrict the program's effectiveness and flexibility".[71] Since stockpiles of agricultural commodities that once supplied U.S. food aid programs no longer exist, USDA's Kansas Commodity Office (KCCO) is charged with procuring the food for the Title II program through a "sealed-bid, fixed-price process."[72]

Further constricting this process are additional regulations restricting the procurement of commodities, such as the mandate that all agricultural commodities procured by the KCCO for the Title II program must be produced in the United States. The mandate further requires that, "seventy-five percent of nonemergency commodities procured for the Title II program must be value-added, meaning that they are processed, fortified, or bagged, and fifty percent of nonemergency whole grain commodities must be

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[70] Ibid., pg. 15.

[71] Hanson, Derek. "Foreign Food Aid Procurement: Why Domestic Preferencing Requirements Must Be Substantially Reduced To More Effectively And Efficiently Alleviate Global Hunger." *Public Contract Law Journal*. 39:1 (2009).

[72] Ibid.

bagged in the United States."[73] Hanson explains that, as with cargo preference requirements, "The strict domestic preference requirements built into the Title II program have led to dramatic increases in dollar costs and transaction costs to USAID."[74]

The cumulative results of the literature and evidence against the current system of U.S. food aid does not eliminate the need in emergent cases of natural disasters, war, and other significant shocks to local food supply for in-kind food aid donations. In some cases, this type of aid may prove to be the most effective response to meeting immediate needs, as was seen following the January 2010 earthquake in Haiti where local food sources were destroyed. However, experience and evidence leans in the favor of a need for a more flexible, balanced approach to providing food assistance programs that reduces long-term dependence of outside sources to maintain a basic level of food security for the most vulnerable populations.

[73] Ibid.
[74] Ibid.

Chapter 3- Stakeholders and Vested Interests

As evidence of potential waste and even economic harm to farmers in developing countries stemming from United States (U.S.) food aid practices accumulated several efforts to modify U.S. food aid policy emerged. Yet, where support for reform exists, even stronger resistance to change remains. Where are the channels of support and resistance? What is the alternative some Non-Governmental Organization (NGO) leaders and members of Congress support to increase efficiency and flexibility of U.S. emergency food assistance programs?

Alternative Approach: Local and Regional Purchase (LRP)

In order to understand the reason behind divisions in stakeholder support of commodity based food aid, it is critical to understand the alternative generally supported by development practitioners of local and regional purchase (LRP). LRP involves the use of cash resources to purchase foodstuffs in the country or region being served, providing the flexibility that many implementers seek in responding to emergencies while removing the need for generally inefficient transoceanic shipments of commodity food aid for

direct distribution or monetization purposes. According to a Government Accountability Office (GAO) study, local procurement reduced costs by over 34 percent over shipments of commodity food aid in sub-Saharan Africa between 2001-2008.[75] LRP was also found to reduce response time from an average of 147 days for in-kind international food aid delivery to just 35 days for local and 41 days for regional procurement.[76]

With good market data, LRP has the potential to support local farmers and indigenous agribusiness by increasing their sales and creating new market connections. For example, the World Food Program's (WFP) Purchase for Progress (P4P) program provides small farmers the opportunity, "to sell to a reliable buyer and receive a fair price for their crops", providing incentives to invest in the production.[77] The program focuses on purchasing from farmers' based organizations and provides small holders capacity building in areas such as post harvest storage and local food processing.[78] Through P4P, the WFP is not only able to purchase its necessary supplies at the local and regional level, saving on time and transportation costs, but also help develop value chain. These enhancements will increase farmers' livelihoods and contribute to overall food security

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75 United States. Government Accountability Office. *International Food Assistance: Local and Regional Procurement Can Enhance the Efficiency of U.S. Food Aid, but Challenges May Constrain Its Implementation*. Washington: GPO, 2009.

76 Ibid. Study reflects delivery time to 10 sub-Saharan African countries.

77 "P4P Overview." *WFP.Org* World Food Program, n.d. Web. 12 October 2011.

78 Ibid.

and economic growth.

President George W. Bush supported LRP and first requested funding for its use in 2005. The administration proposed that ten percent of the food aid budget be applied towards LRP, however this proposal met resistance from outside interest groups and associated members of Congress. Again, during the 2008 Farm Bill negotiations, President Bush argued that this alternative approach would help streamline food aid programs and make them more efficient and strategic. Congress, however, did not agree; the influence of embedded interests was too strong to sway support of staunch opponents, many on the Agriculture Committees of the House and Senate.

Congress minimally funded a local purchase pilot project, administered by USDA, to study LRP's effects on local markets in the 2008 Farm Bill.[79] Yet, energy around the need for reform, and earlier action by several key implementing PVOs and NGOs to be discussed, led to an International Disaster Assistance (IDA) supplemental budget request for $800 million in May 2008, which included $200 million set aside for food security purposes. Of this funding, $50 million was designated for local and regional purchase options.

The 2009 and 2010 presidential budget requests to Congress included LRP within the food security and agricultural development request. The 2009 Omnibus

[79] United States. Cong. *The Food, Conservation, and Energy Act of 2008*. 110th Congress. 2nd Session. P.L 110-246. Washington: GPO, 2008. Print.

Appropriations Act provided another $75 million to USAID for global food security, which could include LRP and the distribution of food.[80] While this was a positive step, the number remains small in comparison to the overall food aid budget. Despite the support for increased LRP by the past two U.S. presidents, neither have seen the issue as a place too much political capital and use inducements to sway members of Congress.[81] Members of both the House and Senate Agriculture Committees, largely from farm states, view LRP as an encroachment on traditional, commodity based food aid programs and have blocked efforts to expand LRP. As the following section explains, the pressure on Agriculture Committee members may be based less on constituent preferences but rather stems from powerful lobbies with vested interests in maintaining the status quo of food aid programs.

Vested Interests and Opposition to Food Aid Reform

The various stakeholders in food aid, mainly the shipping industry, agribusiness and PVOs and NGOs, have used their influence, and at times worked together, to shape decisions of food aid policy. These three powerful vested interests were coined 'the iron

[80] GAO, 2009.

[81] Tolchin, S. J., and M. Tolchin. "Background Deals: A Bipartisan Necessity." *Huffington Post*, 29 January 2010.

triangle'[82] by researchers Christopher Barrett and Dan Maxwell (refer to Figure 1) because of their supposedly iron-clad grasp on food aid programs and their desire keep them unchanged. Shipping interests are perhaps the greatest beneficiaries of the current food aid system, and shipping is also the area of greatest waste and controversy. A study of 2000 to 2002 period showed that almost 40 percent of food aid program costs were tied to shipping.[83] The share of shipping costs continues to rise; according to a GAO report in 2007, shipping costs now account for 65 percent of the total expenditures of the U.S. emergency food aid program.[84]

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82 "Iron Triangle" is a term coined in Barrett, Christopher and Dan Maxwell. Food Aid After Fifty Years: Recasting Its Role. London: Routledge. 2005.

83 Shapouri and Rosen.

84 "Inefficiency, Costs Gobble Up U.S. Emergency Food Aid." *Environment News Service (ENS*). 19 April 2007. *International Daily Newswire.* Web. 17 May 2009.

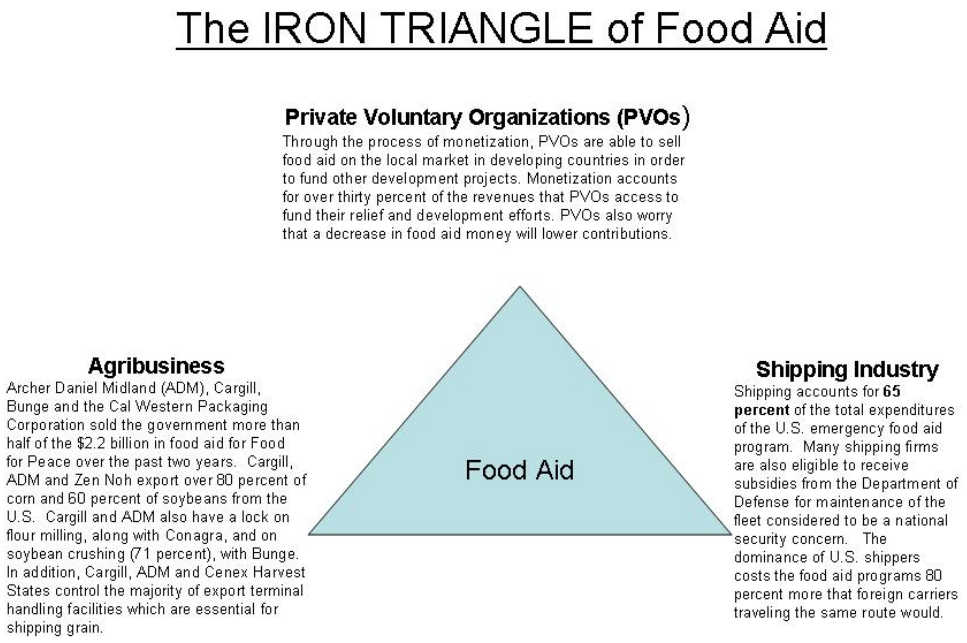

Figure 1- The "Iron Triangle" of Food Aid

In addition to the payments for transporting food, many shipping firms are also eligible to receive subsidies from the Department of Defense for maintenance of the fleet, which they consider a national security concern.[85] The Agricultural Cargo Preference (ACP) requires that 75 percent of U.S. food aid be shipped on U.S. registered vessels,

[85] Murphy, Sophia and Kathleen McAfee. "US Food Aid: Time to Get it Right." Institute for Agriculture and Trade Policy. Minneapolis, MN: July 2005. Pg. 36.

despite the higher associated costs.[86] This restriction results in costs that are estimated to be 80 percent higher than foreign carriers traveling the same route.[87] The result, according to the GAO, is that, "at current U.S. food aid budget levels, every ten dollars per metric ton reduction in freight rates could feed almost 850,000 more people during an average hungry season."[88] The following statement emphasizes this point:

> *Preference given to in-kind food produced in the US and to the US shipping industry makes US food aid the most expensive in the world. The premiums paid to suppliers and shippers combined with the increased cost of food aid due to lengthy international transport raise the cost of food aid by over 100 percent compared to local purchases.*[89]

With so much of the current food aid budget going to shipping expenditures, it would seem that the industry has much to lose if the current system is revamped. However, on the whole, food aid is a small portion of U.S. shipping profits. The majority of companies involved in food aid make their true profits from container vessels, which ship over 90 percent of non-bulk cargo worldwide.[90] As Murphy and McAfee write,

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86 "Millions Wasted on Food Aid." *UN Office for the Coordination of Humanitarian Affairs* 13 July 2010. *IRIN Global.* Web. 18 May 2009.

87 Murphy and McAfee, pg. 36.

88 International Daily Newswire.

89 Government Accountability Office, 2009.

90 Murphy and McAfee, pg. 36.

"The U.S. shipping industry is not maintained by food aid, but U.S. food aid is rendered much less efficient than it might be by restrictions on who is eligible to ship it."[91]

Yet, the shipping industry contends that the ACP is critical to maintaining the U.S. sector and protecting U.S. jobs. Maritime USA released a report in 2010 to combat perceptions that its involvement with food aid is wasteful, claiming that elimination of the ACP would reduce the merchant fleet by fifteen to 30 percent and result in the loss of between 16,500 and 33,000 jobs.[92] Cornell researcher and renowned expert on the subject, Christopher Barrett, argues that the models the shipping industry use to calculate loss are misleading and that, according to his study *Food Aid and Agricultural Cargo Preference*, the ACP costs taxpayers $100,000 in subsidies per mariner on vessels shipping food aid.[93]

Agribusiness is entangled in the food aid process as well, with companies like Archer Daniels Midland (ADM) and Cargill dominating much of the business. Just four companies and their subsidiaries, ADM, Cargill, Bunge and the Cal Western Packaging Corporation, sold the government more than half of the $2.2 billion in food aid for Food for Peace in 2006-2007 and Cargill and ADM were contracted to provide a third of all

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91 Ibid., pg. 36

92 IRIN Global.

93 Ibid.

U.S. food aid.[94] In addition, a significant portion of the processing of food aid products is controlled by these same four companies. According to the Institute for Agriculture and Trade Policy, Cargill, ADM and Zen Noh export over 80 percent of corn and 60 percent of soybeans from the U.S. Cargill and ADM also have a lock on flour milling, along with Conagra, and on soybean crushing (71 percent), with Bunge. Cargill, ADM and Cenex Harvest States also control the majority of export terminal handling facilities, which are essential for shipping grain.[95]

The dominance of these firms has resulted in the wastefulness that the LRP addresses. For example, research has shown that the current system has cost the U.S. government up to 70 percent more in food aid than if purchased for the market price for corn.[96] The government on average pays eleven percent more than market prices would bear for food aid; a figure that leads many to conclude that food aid as it stands is no longer an inexpensive way to provide emergency food.[97]

The third side of the 'iron triangle' is quite different than these other. PVOs and NGOs largely administer food aid programs on behalf of the U.S. government. Their

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94 Murphy and McAfee, pg 35.

95 Ibid.

96 Barrett, Christopher B. and Daniel G. Maxwell. Food Aid After Fifty Years: Recasting Its Role. London: Routledge. 2005. cited in Murphy, Sophia and Kathleen McAfee. "US Food Aid: Time to Get it Right." Institute for Agriculture and Trade Policy. Minneapolis, MN: July 2005.

97 Ibid.

stake in maintaining the current system is not in maximizing profits, as it is for the other industries involved, but is connected to their ability to fund and support their overall development activities through monetization.

Monetization allows PVOs and NGOs to receive food aid commodities to sell in the local markets of developing countries, and then use the money raised to fund other development projects on the ground.[98] The importance of monetization has increased over the past two decades and accounts for over 30 percent of the revenues that PVOs and NGOs access to fund their relief and development efforts. For PVOs and NGOs, it is not an issue of profits that are influencing their decision to support the status quo, but rather the need for a sustained and reliable revenue source to finance their operations. What has long united these groups against reform of food aid programs, especially Title II, is the fear that:

> *"changes in food aid programs will directly and negatively affect their budgets their ability to fulfill their mission. Food aid budgets contribute directly not only to the cost of the delivery of food commodities themselves, but also to the budgets of field offices, recurrent staff costs, and other operational costs related to project management, so-called "shared project costs". Furthermore, food aid can also be used to leverage other, non-food (cash) resources."*[99]

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98 Murphy and McAfee, pg. 36.

99 Barrett, Christopher. "Food Aid At A Crossroads: The Shared Challenge PVOs Face." *The Harvard University Global Equity Initiative and the PVO Leaders' Forum*. Boston: Harvard University. April 2005.

If the revenue source of government funding is decreased, many PVOs and NGOs also worry that private donations would decline as well. According to Barrett, this worry is tied to the unsubstantiated belief that, "private fundraising performance depends in part on the ratio of program expenditure to overall expenditure as an indicator of managerial efficiency. Having a large food aid budget helps keep that ratio high…"[100]

Alliances within the "Iron Triangle"

With much to lose if food aid were reformed, the 'iron triangle' of agribusiness, shipping and PVOs and NGOs continue to maintain that U.S. food aid programs should remain the same. Unique perspectives and motivations have led each to maintain similar positions against proposed changes to increase cash resources for LRP, thereby reducing the need for commodity based food aid. According to Charles Uphaus, former Senior Foreign Assistance Policy Analyst with the Bread for the World Institute[101], coalitions working on food aid can be divided into two main camps: a) the commodity groups, shippers, miller and food processors (agribusiness) b) the PVOs and NGOs that implement food aid programs.

The rejection of LRP by the shipping and agribusiness coalitions has been focused on several key points that, on the surface, appear more altruistic than the motivation

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[100] Ibid., pg. 12.

[101] Uphaus, Charles. Personal Interview. May 2009.

behind them. For example, these groups contend that cash donations are more likely to be stolen or misused[102] than in-kind food products, or that U.S. foodstuffs are safer and of higher quality than what can be bought locally. Therefore, current practice is in the best interest of recipients. Furthermore these groups maintain that if the speed of delivery is the primary critique of food aid programs, this inefficiency can be overcome by increasing the storage of food in warehouses around the world, called prepositioning, so that these stocks that can be easily and quickly dispatched in times of need.[103]

The alliance of shippers and agribusiness is powerful and influential. These industries remind Congress that food aid programs are tied directly to U.S. jobs through the benefits business and farming interests receive. Without the support from these interests, funding for these programs could disappear. In 2005, when the proposal first reached Congress, Representative Bob Goodlatte (R-VA), then Republican chairman of the House Agriculture Committee, opposed the proposal on the grounds that the transfer of money from U.S. food aid products to a local purchase scenario would undermine the political support for U.S. food aid which, as the shippers and agribusiness argue, has long been beneficial to food producers in the U.S. as well as aid recipients.[104]

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102 Dugger, Celia W. "Bush gains support for new approach on global food aid." *The New York Times.* 21 April 2007. Web.

103 Ibid.

104 Odessey, Bruce. "Officials Defend Bush Proposal to Buy Some Foreign Food for Aid." *USINFO* 16 June 2005. USINFO. Web. 19 July 2009.

It is important to note that mixed in with these claims by the shipping and agribusiness interests, as well as by members of Congress opposed to LRP, is the notion that current food aid program benefits U.S. farmers, and small family farms in particular, despite evidence to the contrary. U.S. farmers do not export or handle food aid contracts, and demand for their goods is only marginally affected by food aid purchases if at all.[105] As the IATP writes, "…these purchases for all but a tiny number of commodities are too small to affect farm gate prices, which are determined by the much, much larger commercial markets and the policies of the dominant agribusiness firms."[106]

In the other camp are the alliances formed by PVOs and NGOs, whom do not agree on the appropriate use of commodity based food aid. The Coalition for Food Aid[107] was formed to protect PVO and NGO interests in food aid;[108] it was a staunch supporter of P.L. 480 and the commodity based resources it provides. The Coalition lobbied for increased funding of food aid programs in addition to other member priorities, such as improved administrative policies governing the monetization process and a multi

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105 Murphy and McAfee, pg. 36.

106 Ibid.

107 The Coalition for Food Aid dissolved in 2007 and was replaced by The Alliance for Food Aid and subsequently The Alliance for Global Food Security.

108 In 2005, The Coalition for Food Aid members included: Adventist Development and Relief Agency International, ACDI/VOCA, Africare, American Red Cross, CARE, Catholic Relief Services, Counterpart International, Food for the Hungry International, International Orthodox Christian Charities, International Relief and Development, Mercy Corps, OIC International, Save the Children and World Vision.

year funding approach for development projects.[109] The Coalition was also a strong advocate for increased use of monetization and viewed the resources generated through the process as critical to its members' ability to carry out development projects in the field:

> *In food deficit, import-reliant countries, monetization provides a boost to the economy and allows needed commodities to be provided through the market. The generated proceeds support the cost of program implementation and management, and allow effective grassroots development in poor communities. Where monetization is feasible, rather than just exporting cash to support program costs, US commodities can be exported providing an additional benefit to the US agricultural sector.*[110]

During the 2008 Farm Bill negotiations, the regrouped Alliance for Food Aid[107] and its members lobbied to increase funding for non-emergency Title II resources in order to increase the amount of commodities that could be monetized.[111] The Alliance sought an increase from 750 thousand metric tons to a minimum one million metric tons of food, recommending that the House Agriculture Committee, " Establish a safebox for Title II

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109 Levinson, Ellen. "Statement of Ellen S. Levinson Government Relations Director, Cadwalader, Wickersham & Taft." United States Senate Subcommittee on Oversight of Government Management, Restructuring and The District Of Columbia. U.S. Congress, Washington, DC. 4 June 2002.

110 Ibid.

111 Dugger, Celia W. "As U.S. Food Dollars Buy Less, International Agencies Differ Over How to Use Aid." *The New York Times.* 3 October 2007. Web.

non-emergency programs that assures 1,200,000 metric tons will be made available each for non-emergency Title II programs each fiscal year."[112]

The Alliance for Food Aid also opposed early efforts to increase the use of LRP, including President Bush's proposals in 2005 and 2006 that were discussed earlier. The Alliance claimed that these proposals were overly ambitious: it would be too difficult for implementing organizations to quickly shift their program designs to accommodate the new resource stream. Instead, the Alliance supported the idea of a pilot program to determine how such a system would function, insisting that Congress appropriate additional money for LRP purposes rather than transferring the funds from the P.L. 480 budget.[113] In addition to the changes that the LRP would entail for their revenue sources, many Alliance members claimed that badly managed LRP programs could drive up local food prices in times of crisis and worsen hunger.[114]

Differences over how food aid should be used, especially in terms of monetization, led to severe internal divisions within the Coalition. In 2007, the Coalition for Food Aid dissolved and reorganized as the Alliance for Food Aid, and subsequently the Alliance for Global Food Security several members lighter. According to Uphaus,

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112 Levinson, Ellen. "Statement of Ellen S. Levinson, President Levinson & Associates and Executive Director, The Alliance for Food Aid." United States House of Representatives Agriculture Committee. U.S. Congress, Washington, DC. 10 May 2007.

113 Dugger, 2005.

114 Ibid.

several organizations, including CARE, Catholic Relief Services, Save the Children, and Mercy Corps left the Coalition as the debate heated up over which approach was best: increased cash for food assistance or commodities. CARE took the most definitive action, phasing out its monetization programs as it redefined its position on food aid. The organization found the practice of monetization to be an unsustainable revenue source for its program work and at odds with its rights based approach to development (see Chapter 5).

The dissenting PVOs and NGOs found other like-minded organizations that supported cash and LRP over commodities, including the World Food Program (WFP) and Oxfam America. According to Executive Director Josette Sheeran, the WFP worried that the 'safebox' mandate proposed by the Coalition, "could lead to a major reduction in the United States' contribution for emergency aid. It could also diminish the ability of the World Food Program to respond to emergencies, like wars, earthquakes and floods."[115] Oxfam also supported the local purchase option and believed that cash transfers were more effective than commodity based food aid in addressing hunger and poverty. Oxfam cited that increased cash and use of LRP would allow the United States to feed more people, more quickly while also fighting poverty by buying local goods in developing countries.[116]

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115 Dugger, 2007.

116 Oxfam International. Food Aid or Hidden Dumping?, Oxfam Briefing Paper. March 2005.

Efforts to Incorporate LRP and Increase Cash Resources into the U.S. Food Security Response

In August 2008, in the midst of the food and energy price spikes that markedly increased the number of hungry people in the world, several efforts by non-governmental organizations began to emerge to address the growing issue of food insecurity. The first was a report issued by the Center for Strategic and International Studies Task Force on Global Food Security[117] that served as a launching pad for the introduction of a new bill in the Senate, the Global Food Security Act (GFSA).[118] The GFSA was introduced in the Senate in September, 2008 by Senators Lugar (R-IN) and Casey (D-PA), who also co-chaired the CSIS food security task force.

In addition to authorizing additional resources for agricultural development programs, the bill required a comprehensive, whole of government strategy for addressing global food security. The GFSA also established a Rapid Response Fund, which would allow for local and regional purchase of emergency food assistance as well as provide flexibility for other needed cash purchases. However, the bill did not include any references to changing commodity based food aid programs or monetization so that it would be solely under the jurisdiction of the Senate Committee on Foreign Relations.

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117 Center for Strategic and International Studies. *A Call for Strategic U.S. Approach to the Global Food Crisis*. Washington: The CSIS Press, July 2008. Print.

118 United States. Cong. *The Global Food Security Act of 2008*. 110th Congress. 2nd Session. S. 384. Washington.

The GFSA was introduced towards the end of the 110th session of Congress and did not pass this session, however it was reintroduced in 2009 for consideration by the 111th Congress. Representative Betty McCollum (D-MN) introduced a companion bill in the House of Representatives and the Senate version passed the Foreign Relation Committee unanimously in 2010. However, with the ongoing debate about LRP, all direct references to LRP were removed from the bill in order to secure cooperation from Agriculture Committee members. Yet despite such compromises, Senator Coburn (R-OK) placed the bill on hold due to concerns over costs and the possible duplication of programs currently administered by the U.S. Department of Agriculture (USDA).

Concurrently the Chicago Council for Global Affairs formed a Global Food Security Task Force chaired by former USDA Secretary (under President Bill Clinton) Dan Glickman and former World Food Program Executive Director Catherine Bertini. The task force released a comprehensive report on the need to refocus food security efforts by the U.S. government on agricultural development and highlighted many of the stumbling blocks faced by both U.S. development agencies as well as developing countries.[119] For instance, the Chicago Council report addressed how the Bumper's Amendment unnecessarily ties the hands of U.S. development agencies from working on projects that could potentially increase the productivity of commodity crops, like corn,

[119] The Chicago Council on Global Affairs. *Renewing American Leadership in the Fight Against Global Hunger and Poverty*. Chicago: The Chicago Council on Global Affairs, 2009.

cotton and citrus, that may be in competition with U.S. producers. The problem lies in the reality that many of these crops are the same ones that developing countries need investment in to increase their productivity and incomes so their exclusion can greatly hamper development efforts. While certain crops can be exempted in cases of food insecurity, the approval process is so laborious that it is rarely acted upon.[120]

The final report proposing reform, released in February of 2009, is titled the *Roadmap to End Global Hunger*[121] (hereafter referred to as 'The Roadmap'). Over 40 NGOs came together to provide input into the report's findings and endorse the plan it laid out for U.S. government action to end food insecurity. The Roadmap uniquely brought together organizations that worked on different aspects of food security, including commodity based food aid and agricultural development, to promote a comprehensive strategy that put individual agendas aside in order to present the most complete and balanced approach.

The Roadmap strategy focused on four main areas: agricultural development to promote self-sustainability and market based production, humanitarian and emergency response (including commodity based food aid), nutrition, and social safety nets. The fifth element of the Roadmap report was a chart that mapped out funding for the four

120 Ibid.

121 *Roadmap to End Global Hunger*. Washington: Roadmap To End Global Hunger Coalition, 2009. Print.

pillar areas over a five-year period (2009-2013).[122] This chart represented an ideal basket of resources for addressing food insecurity, with the goal of providing development and humanitarian agencies the flexibility to implement the best interventions needed in the field to fight hunger.

The Roadmap emphasized the achievement of parity over five years between programs that build on a country's capacity, like agricultural development which has been severely underfunded in past decades, and emergency resources, like commodity based food aid which has enjoyed robust funding. The Roadmap also established local and regional purchase as an alternative to food aid at an equal funding level after five years.

The Roadmap Coalition has been successful, as has the Chicago Council and CSIS, of promoting their food security ideas to U.S. development agencies. The influence of their work is apparent in the U.S.'s newest food security initiative, *Feed the Future* (FTF).[123] FTF takes a comprehensive approach to combating hunger, integrating agricultural development, market development, nutrition and safety net development. The U.S. agencies, for their part, recognized the collective expertise and experience the various organizations represented in these reports. Many of the contributing organizations, especially the Chicago Council and the Roadmap coalition, held

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122 Ibid.

123 United States. Department of State. *Feed the Future Guide*. Washington: GPO, May 2010. Print.

consultative meetings with policymakers to share their recommendations.

However, what remains lacking is true reform of problems inherent in the food aid and with monetization; none of these reports or coalitions promoted significant reforms to address the inefficiencies or ineffectiveness detailed earlier. Thus, it remains that the largest U.S. food security program is commodity based food aid, with all its challenges, and without any solid prospect for broad reform through 2010. However, with increasing evidence highlight food aid's inefficiency, and the increased ability of Congress to oversee food aid's impacts given improved access to information,[124] openings for reform should become easier.

The following chapters attempt to look closely at the NGO and PVO voices within the field and analyze the opportunities for these organizations to build a movement to reform food aid. Chapter 4 analyzes the perspectives of U.S. PVOs and implementing NGOs on food aid policy, LRP, monetization and advocacy on these issues. Chapter 5 reviews one the largest PVO's process to reform its use of food aid and influence the broader policy dialogue is discussed. Finally, Chapter 6 explores the Canada's process of food aid policy reform and draws analogies to the U.S. situation, identifying gaps and opportunities.

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[124] Mahler, Julianne G. and Priscilla M. Regan. "Agency Internets and the Changing Dynamics of Congressional Oversight." *International Journal of Public Administration*. Vol. 28, Iss. 7-8, 2006.

Chapter 4 – Position of Private Voluntary Organizations and Non-Governmental Organizations on Food Aid Policy

The U.S. landscape for food aid reform is vastly complicated given the entrenched interests of the 'iron triangle' (discussed in chapter 1 & 2). The self-interest of the agribusiness and the maritime industries in maintaining the current food aid system was anticipated, given their inherent business interest in profits and increasing their market shares. The role of humanitarian and development Private Voluntary Organizations (PVOs) and Non-Governmental Organizations (NGOs) implementing government food aid programs is more tenuous, controversial, and divided. Some organizations, as will be discussed later, have advocated for changes that would make programming more efficient and reduce the unintended negative impacts that a commodity based food aid system produce. Other PVOs and NGOs disagree with this analysis or find their financial solubility too dependent on food aid to risk changing the system.

Given the evidence that highlights both the inefficiencies of commodity based food aid, and, to a lesser extent, the practice of monetization several questions arise as to why food aid reform has not taken root in the U.S. including:

- What is the view PVOs and NGOs on the utility of commodity based food aid and monetization?

- If alternative resources were made available, would PVOs and NGOs choose to utilize these tools in responding to food security needs?
- Are budgetary concerns the main reason that PVOs and NGOs have not rallied in support of more efficient programming of food security and development programs?
- Is there skepticism of the data pointing to food aid's inefficiencies and potential harmfulness?
- Are PVOs and NGOs organized to advocate for political change around food aid?

In order to discern the perspective of PVOs and NGOs on these and other questions, a survey was designed and distributed to those PVOs and NGOs registered with the U.S. Agency for International Development's (USAID) Food for Peace program in 2009. The survey was distributed online three times in November 2009, January 2010 and July 2010. Ninety-three organizations received the initial survey invitation; however, the editing out of email returns from PVOs and NGOs no longer in operation or with outdated and unavailable information resulted in subsequent editing of the list to 72 viable organizations to be surveyed. Eighteen organizations responded and sixteen fully completed the survey (22 percent). Online survey response rates are highly variable[125]

[125] Archer, Thomas. "Response Rates to Expect from Web-Based Surveys and What to Do About It." *Journal of Extension*. 46.3 (2008): n pag. Web. 18 September 2011.

and there are few comparable studies with a similar sample base. Moreover, the results are not statistically significant given the small sample size. Nevertheless, the survey responses provide a qualitative sampling of the perspectives of PVOs and NGOs, which is valuable to the analysis of organizational perspectives of food aid policy.

Potential Sources of Bias

The administration of the survey encountered several barriers to response rate and PVO candidness worth noting. Food aid has always been highly politicized and in recent years the field has become more polarized. Therefore, organizations dependent on food aid resources might not want to draw additional attention to themselves or to the debate by participating in a research study that may be perceived as contributing to a growing anti-food aid evidence base, despite assurances of anonymity.

Furthermore, it is difficult to survey the opinions or views of an organization. Questions may have arisen by survey recipients as to who was the correct person to answer on behalf of the organization, especially in cases where a formal organizational 'position' on food aid might not be available. In addition, the web based platform for collecting responses did not allow for the survey to simply be forwarded to another, more appropriate person for review. Rather, it was required that the individual who received the original email with the survey link respond to the researcher and request that a

different individual be contacted. Thus getting the survey to the attention of the person best positioned to answer the questions proved to be a difficult feat.

Finally, it is challenging to assess how many organizations actively participate in U.S. food aid programs given that the number of contracts awarded varies year to year. At the time the survey was completed, the USAID directory is not often updated and is not well indexed, making it difficult to determine how recently organizations may have received food aid funding. Thus many organizations self-selected themselves out of the process because they no longer participate in food aid programs, and believed they no longer meet the organizational profile being sought.[126]

Survey Results

As expected based on the literature review, survey results reveal that organizations are split on whether the use of commodity based food aid or the monetization process is harmful to farmers in developing countries. Yet, the survey also revealed some surprising results; for example, the majority of PVOs and NGOs strongly support efforts to expand LRP and other efforts to increase U.S. food security programs' efficiency and flexibility. The following section analyzes results from the survey and provides analysis of the overall state of PVO support of food aid reform.

[126] This assumption is based in part on correspondence received from several organizations.

Food Aid Perceptions in General

The organizations surveyed are PVOs and NGOs either directly involved in the distribution of emergency food aid, or they are involved in monetizing food aid to resource other development projects. The majority of these PVOs and NGOs (81 percent) report that their mission is driven by a moral responsibility to provide support to those facing food security crisis in developing countries responsibility (see Figure 2).[127] This is what drives their work and demands their engagement with U.S. government run food aid programs.

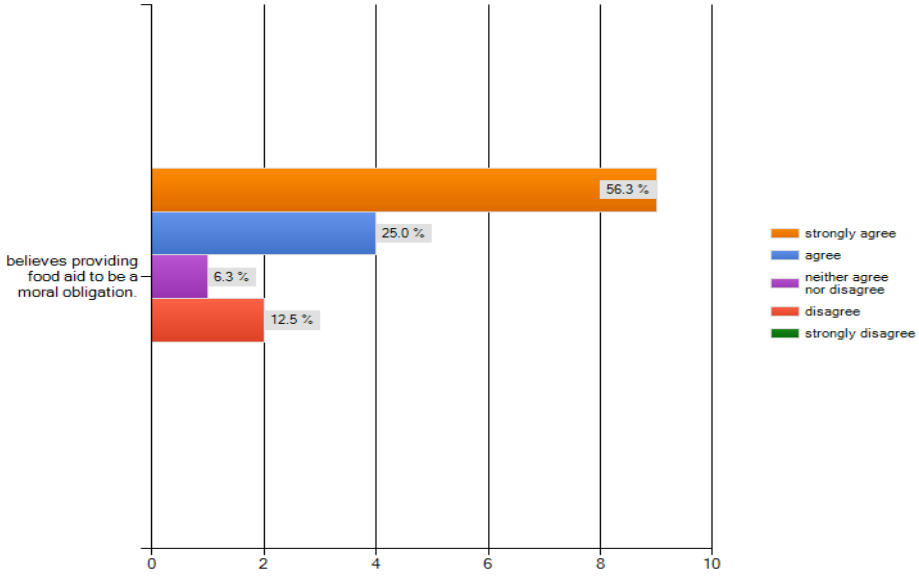

Figure 2- Survey Question 2: Our organization believes providing food aid to be a moral obligation.

[127] Survey question #2. See appendix.

Views on food aid programs specifically are less clearly defined. Less than half (nearly 44 percent) of respondents support P.L. 480 as it is administered.[128] However, many others (36.5 percent), including PVOs and NGOs that receive food aid funding, fail to have a defined organizational position on food aid policy or disagree with it (nineteen percent). Just over half of PVO respondents believe that commodity based food is the best system for combating hunger[129] and nearly half believe that commodity based food aid could have harmful

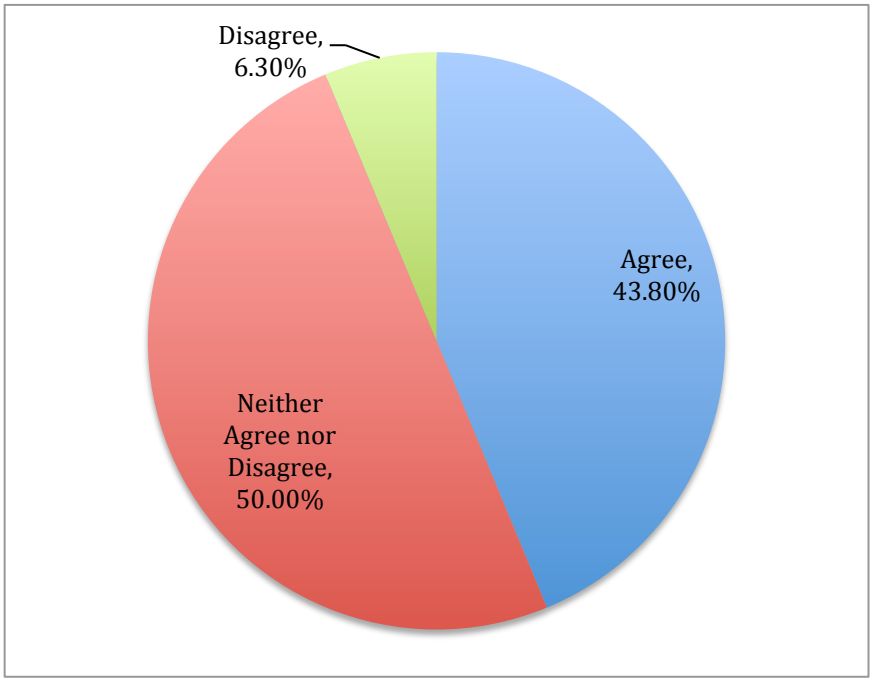

Figure 3-Survey Question 15; Our organization believes that commodity based food aid affects local markets in ways that are potentially harmful to local farmers.

[128] Survey question #1. See appendix.

[129] Survey question #3. See appendix.

impacts on local markets and farmers in developing countries (see Figure 3).[130] Many organizations fail to have a clear position on t his question and it is not understood whether this is because they: a) have considered the broader economic impacts of commodity- based aid, or b) are uncertain of the validity of evidence pointing to potential harm. Several organizations indicated in the open--ended section of this question that if the programs are well planned, designed in consultation with local farmers, and properly targeted, potential harm to markets and local supply can be mitigated.[131]

It is important to take into account that many of the organizations responding to the survey receive funding through P.L. 480, which may create a dependence on program resources that in turn biases perspectives. However, no direct correlation between those groups that receive food aid resources and opposition to or support for increased use of LRP can be determined. Figure four shows the percentage of survey respondents whose programs are funded by P.L. 480 and further divides the group by the percentage of their budget derived through this source.[132]

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130 Survey question #15. See appendix.

131 Ibid.

132 Survey question #6. See Appendix.

Use of LRP

Despite individual organizations' position on food aid, survey results clearly point to general support of LRP and other tools to address food insecurity. Over 90 percent (fifteen of sixteen) of PVO respondents support the increased use of LRP where applicable (see Figure 4)[133] and over 80 percent responded that their organization would utilize LRP if made available. The reasons behind this support range from efficiency arguments to the desire of organizations to have the most appropriate tools available when responding to emergencies, as this sample of open-ended responses indicate:

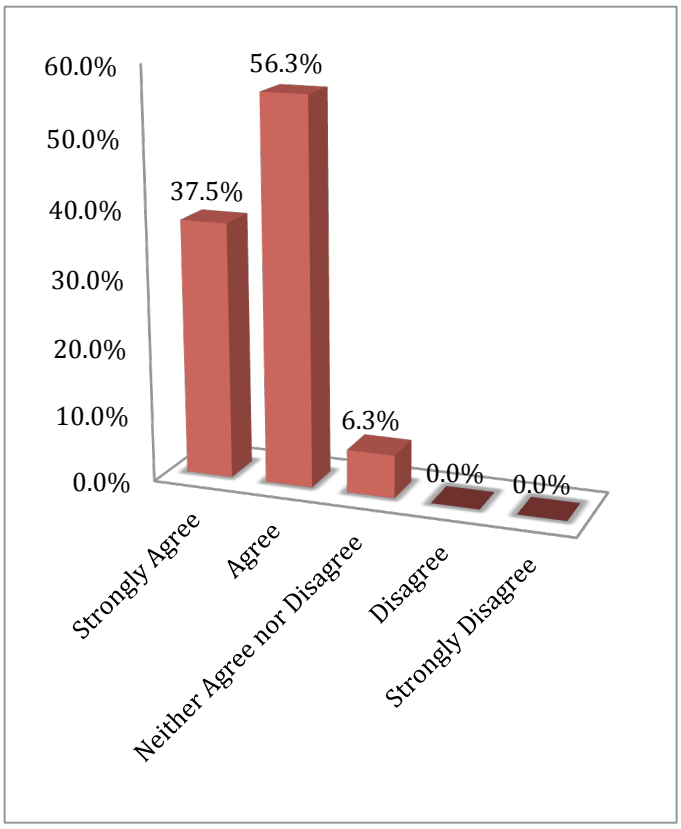

Figure 4- Survey Question 6: Our organization supports increased use of LRP of emergency food aid when and where applicable.

- *Absolutely. If there is sufficient food in local markets, then cash transfers are an effective way to improve food access -- it is quick, supports local producers and strengthens the market….through LRP we can get food to the needy households far more quickly that shipping from the US would*

[133] Survey question #10. See Appendix.

allow. In other cases, where time is not a factor, traditional US-sourced food aid can be effective. There is no single tool that is effective against hunger in all contexts -- the causes of hunger differ from country to country, sometimes community to community...

- *Anytime we can promote local participation and long term business, we want to. However, considerations must be made for not manipulating the market to build for crisis level engagement…*
- *Foods are more recognizable to local population…*
- *We would use whatever means are made available.*

There is also overwhelming support for increased funding of LRP and other forms of emergency food assistance programs even if this means reducing current programming streams. The majority of respondents (81 percent) support the redirection of some P.L. 480 resources to fund LRP or voucher programs.[134] Similarly, nearly 75 percent of respondents support funding for LRP and vouchers if in addition to the base funding for PL 480.[135] The open-ended responses offer additional insight into why organizations support LRP:

- *"More efficient, better use of tax payer dollars, gets humanitarian and development practitioners out of the commodity marketing business"*
- "*For the first time in human history, there are estimates that more than a billion people are living in hunger. Hunger is a pressing ethical issue, but it is an economic, diplomatic and security issue too. More resources*

[134] Survey question #11, See Appendix.

[135] Survey question #12. See Appendix.

should be made available -- LRP and cash transfer programs should be funded in addition to traditional Title II food aid. With current resources, we cannot adequately respond to the need."

The first statement recognizes the position of some PVOs and NGOs that commodity- based food aid as authorized through Title II of PL 480 is not the ideal manner in which humanitarian and development organizations should be providing emergency food assistance. It also gets to the point that some PVOs and NGOs, such as CARE, argue that humanitarian and development organizations should not be in the business of selling or marketing commodities in foreign markets.

Based on the open ended responses, there is a sense, by the majority of respondents, of a growing need for additional forms of emergency food assistance, such as LRP and cash transfer programs, in addition to the commodity based food assistance already provided. Yet, simply reducing one program area to increase another, will not be sufficient. An overall increase of available resources is needed to adequately meet the need and allow these various forms of responsive programs to work in tandem.

As expected, there were some respondents (12.6 percent) who did not support the idea that some P.L. 480 funding be redirected towards other forms of emergency food assistance, such as LRP:

- *"Local procurement is worth pursuing, BUT any money for local purchase has to be in addition to the money for 'traditional' programs. [The] Agriculture and Maritime industry are the biggest lobbies for TII*

[Title II] funding. If you cut their interests, the budget will have no domestic support. Eventually, the TII budget will shrink. Furthermore, Eisenhower's original legislation for Food for Peace made it clear that this program was to benefit the domestic economy - why pretend otherwise?"[136]

This statement expresses doubt that shifting away from "traditional" food security programs to LRP would be beneficial to overall food security funding. The PVO respondent implies that food aid derives strong support in Congress because of the domestic economic benefits incurred through the program. Without these direct benefits to the 'iron triangle's' agricultural and maritime interests, the respondent foresees domestic support for food aid waning.

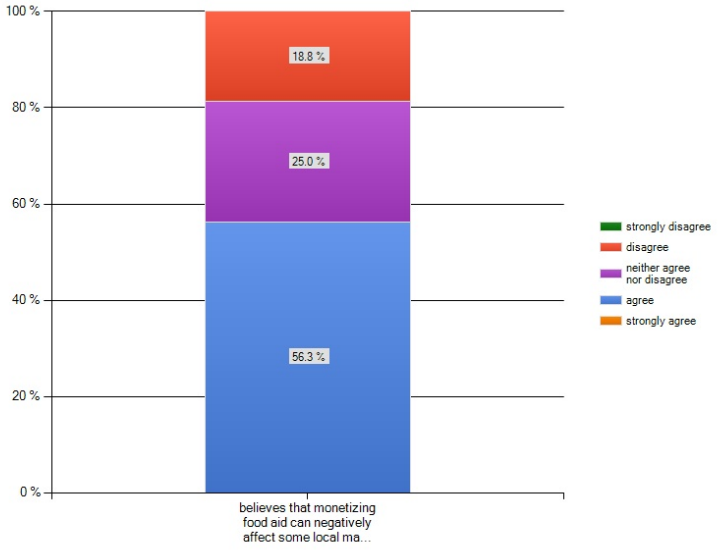

Figure 5- Survey Question 4: Our organization believes that monetizing food aid can negatively affect some local markets and be potentially harmful to local farmers.

Monetization

More than half of respondent organizations believe that monetizing food aid

136 Open-ended response to question #12.

can negatively affect some local markets and be potentially harmful to local farmers. The practice of monetization is a subset of food aid programs. Not all organizations that participate in food aid programs practice monetization; of the 56 percent of respondent organizations that receive food aid funding (see Figure 5), just about one third practice monetization.[137] As responses to open ended survey question four reveals,[138] the reason that a higher number of organizations do not engage in this practice may be related to the number of grants awarded each year based on available resources, organizational capacity to administer monetization programs, or basic necessity. However, positions on whether commodity based food aid is beneficial or appropriate may also be a deciding factor for organizations. Many of the responses to survey question four emerged in defense of monetization as an appropriate development technique for their organizations to employ:

- *"In very controlled circumstances, it can add value and over all benefit to the local populace both by making the program self sustained and promoting civic engagement and awareness. When funds are used to invest in infrastructure, then longer termed outcomes can also be anticipated."*
- *"It is an opportunity to relieve the country from having to spend [its] foreign exchange while at the same time allows the PVO to use the monetization proceeds in the pursuit of economic development activities that will may ultimately help spur/promote economic development."*

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137 Survey question #4. See Appendix.

138 See Appendix for complete answers.

- *"Because it can be done in a way that fills a gap in a country's food availability needs, can serve as a developmental tool in and of itself, and generates proceeds that would otherwise not be available to fund development projects."*
- *"Absent of other mechanisms, this is the only way to reach people in need."*
- *"...It is incumbent upon all aid agencies to analyze which response will be most effective. Re monetization: we do monetize food aid. With billions of people affected by hunger and malnutrition, we will use the resources made available to us by the donor. .."*

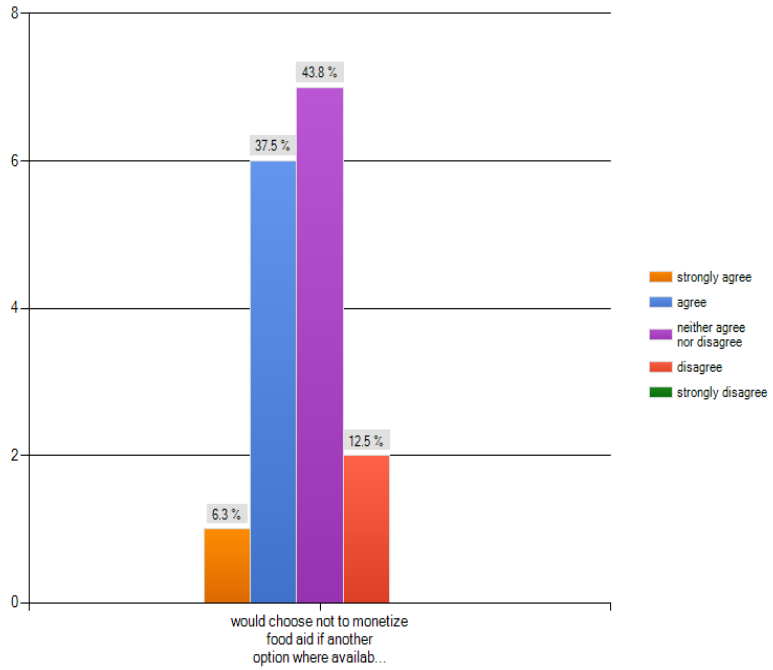

Figure 6- Survey Question 13: Our organization believes that monetizing food aid can negatively affect some local markets and be potentially harmful to local farmers.

Underlying most of the responses to question four, however, is the powerful feeling that monetization is employed because organizations will utilize whatever resources are available to combat

hunger given the reality of scant resources and overwhelming need. The inefficiencies of monetization are none the less recognized. For example, one of the respondents said that, "I have not seen evidence that monetization harms production or markets overseas. However, [monetization] is a very inefficient funding mechanism and I hope that it can be reformed, without leading to any reduction on the overall funding available for food security programs."

The majority of survey respondents (56.3 percent) do believe that monetizing may have a harmful effect on local markets and farmers in developing countries (see Figure 7)[139]. The open-ended responses to question thirteen provide insight into why organizations believe that monetization can be harmful. There is a general sense from these responses that without careful planning and thoughtful implementation, monetization, like other development interventions, can negatively impact local communities and economies. Below is a sample of responses to this question:

- *"Monetizing can have both beneficial and harmful effects locally depending on how the market is utilized or monopolized."*
- *"There are obvious times in everything from food relief to providing mosquito nets when an over saturation of supply damages local markets' ability to compete. In weak economies, such a circumstance can ruin local markets, close businesses, and damage communities ability to be self sustained in the long term. It is important to ensure that the strategies of*

[139] Survey question #13. See appendix.

any monetization program carefully weighs the effects of aid on the local community we hope to serve."

- *"All aid can have negative effects. Local purchase can also disrupt local markets (e.g. WFP purchasing practices promote unsustainable local markets and pricing)."*
- *"Can monetization negatively affect markets and farmers? Of course it can, in the same way that building a latrine next to a water source can have terrible health effects. However, risk can be averted by careful planning and implementation…"*
- *"Monetizing food aid would need to be done on a country-by-country basis depending on the local context, and in consultation with local stakeholders - government ministries, commercial food producers, farmers, etc."*
- *"[Yes] If market analysis is not done accurately or the sales methodology is flawed."*

Questions eleven, twelve, and fourteen were designed to capture how the participation of PVOs and NGOs, or conversely, the absence of participation, in monetization programs affects the perspective of their managers on the subject of increased funding for LRP and other related programs. According to survey responses, there is no relationship between those organizations that monetize food aid and support for a portion of P.L. 480 resources (question eleven) being used to fund LRP and other food assistance interventions. In fact, all of the PVOs and NGOs that monetize food aid would use cash resources in their food assistance programming and support increased use

of LRP and vouchers where applicable. Based on answers to question number fifteen[140], the majority of organizations (nearly 44 percent) would go so far as to end their monetization programs if another viable funding source were available. Only a small percentage (twelve percent) would continue these programs even if given viable alternatives.

Advocacy and Coalitions

Nearly 44 percent of organizations who responded to the survey have advocated for changes to U.S. food aid programs[141], as show in Figure 7, employing a mixture of grassroots and grasstops[142] advocacy efforts as well as direct lobbying of Congress.[143] The survey question was vague in that it did not specific "changes to food aid programs," but respondents indicated that they had pressed for:

- comprehensive food security approaches to addressing hunger;
- additional funding;
- changes in grant making to increase the number of "smaller" PVOs and NGOs participating;

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140 Survey question #15. See Appendix.

141 Survey question #17. See Appendix.

142 "Grasstops" is a term that indicates influential leaders, albeit business, academic, government, NGO or PVOs.

143 Survey question #17, open-ended responses.

- decrease in Food for Peace's bureaucracy and outdated requirements that hinder USAID's efficiency;
- increased flexibility in food aid programs (i.e., LRP, cash transfers);
- increased cash available for programs (LRP, cash transfers);
- a protecting "food aid for non-emergency programs".[144]

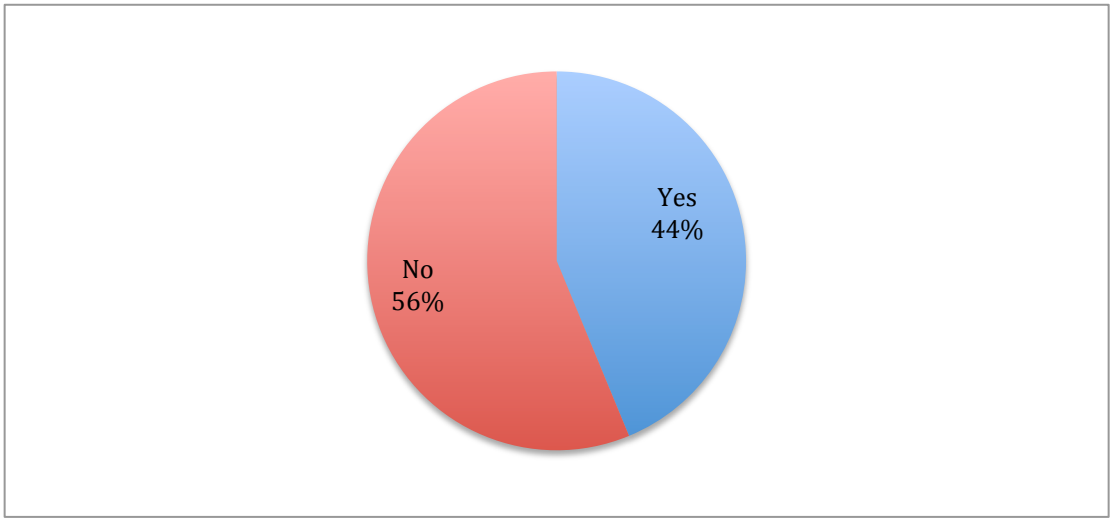

Figure 7- Survey Question 17: Our organization has advocated for changes to U.S. food aid programs, past or present.

144 Food aid for non-emergency programs are monetized commodities.

According to survey responses, the majority of PVOs and NGOs do not advocate for *changes* to food aid policy, yet a significant portion of those surveyed do participate in coalitions that advocate for food aid (i.e., resources, funding, sustainability, etc). More than 68 percent of survey respondents participate in PVO coalitions[145] and 33 percent participate in coalitions or alliances with the private sector[146] that advocate for food aid programs (see Figure 8).

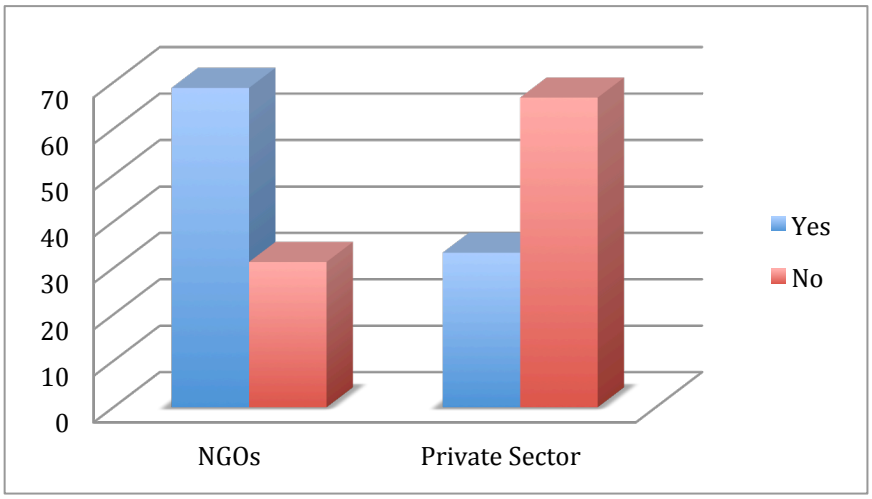

Figure 8- Survey Questions 7 and 8: Our organization participates in coalitions or alliances with the NGOs/the private sector that advocate for food aid programs.

In general, much of the broad spectrum of public policy advocacy work is done in coalition form because PVOs and NGOs typically do not have the resources or capacity to single-handedly lobby Congress or other sectors of the government. There are several PVO coalitions that together advocate for food security and agricultural development resources and programming including: InterAction's Food Security & Agriculture

145 Survey question #7. See appendix A.

146 Survey question #8. See appendix A.

working group, the Roadmap to End Hunger, The Alliance to End Hunger, and the Alliance for Global Food Security.

PVO and NGO membership across these various coalitions overlaps, and often the advocacy agendas of these various groups are similar or coordinated. Yet, there are some particular nuances to the messages that these various coalitions may carry, particularly with respect to food aid. Of the food security coalitions mentioned above, the InterAction and Roadmap groups advocate for a variety of programs that address food security including maternal and child nutrition programs, agricultural development programs, and social safety nets in addition to traditional food aid. The Alliance for Global Food Security, whose membership is limited to those organizations engaged in food aid delivery, primarily advocates for increased food aid resources and monetization (see Chapter 2 for further discussion on this topic).

In terms of those PVOs and NGOs that indicated their involvement in coalitions or alliances with the private sector, only four provided responses to the open-ended section of this question.[147] Of those, one organization indicated that it participated in the Alliance to End Hunger, a U.S. based coalition that, "engages diverse institutions in building the public and political will to end hunger at home and abroad"[148], in addition to

[147] The open-ended portion of this question inquired as to which coalitions or alliances with the private sector that the particular PVO participated.

[148] "About the Alliance to End Hunger." The Alliance to End Hunger, n.d. Web. 12 March 2011.

a coalition with millers, commodity groups and shippers. Another PVO indicated that its alliances with the private sector are confidential.

Survey questions seven and eight provide evidence that a large number of PVOs and NGOs are already engaged in advocacy of some sort around food aid issues and that there are several existing coalitions, public and private, through which this work is done. Thus, it seems that if these organizations were to put specific food aid reform items on their agenda, the necessary networks to effectively advocate for these changes are already in place.

Conclusions

The results from this survey provide a snapshot of U.S. PVOs and NGOs' positions on food aid policy and provide some valuable perspectives on why food aid reform efforts have not taken root despite increasing evidence that current programs are inefficient, not cost effective, and potentially harmful to the economies of developing countries. There are several key conclusions that can be drawn regarding PVOs and NGOs behavior towards and opinion of food aid:

- The majority of organizations view responding to hunger through the provision of food aid as core to their organizational mission and a moral obligation, yet less than half support the way food aid programs are currently administered.

- The overwhelming majority of organizations support LRP and other alternative methods of responding to food insecurity, such as cash or voucher programs, and would utilize these programs if they were made more readily available. Increased funding for LRP, even if redirected from the existing P.L. 480 resource pool, is generally supported, but there is fear that this would diminish the amount of overall resources available. The broader feeling is that there is a need for an overall increase in food security funding given the overwhelming need in the world.
- Most organizations believe that monetizing food aid can be harmful to local markets and farmers in developing countries.
- One third of organizations monetize food aid yet the majority of organizations believe the practice may have a harmful effect on local markets and farmers in developing countries. All of the PVOs and NGOs that monetize food aid would use cash resources in their food assistance programming and support increased use of LRP and vouchers where applicable. Many would end their monetization programs if these viable options were available.
- More than half of PVOs and NGOs participate in coalitions that advocate in favor of food aid programs. However, less than half have advocated for *changes* to be made to food aid programs.

The analysis of survey data points to strong PVO and NGO support of food aid because it is connected to the core missions and values of these groups. Implementing organizations understand that both U.S. government run commodity based food aid and monetization may be harmful to local markets and farmers in developing countries. Despite this, these organizations are inclined to use whatever programs are available to combat hunger given their resource constraints. This same need also translates into overwhelming support for increased use and funding for LRP. However, while PVOs and NGOs are accustomed to advocacy in support of food aid programs, there has not been strong support for pushing for significant changes to these programs. Yet, if these organizations were to advocate for such changes in the future, the existing coalitional alliances would help facilitate these efforts.

Chapter 5- CARE's Progress Toward Modifications in Food Security Policy

Of the PVOs and NGOs in the U.S. implementing food aid, CARE has taken steps to encourage advocacy efforts around food aid reform, garnering attention for its bold stance against monetization and food aid. CARE went through an intense internal review process that dramatically changed how it approached its own food security programming and left an indelible mark on the field. The changes CARE made to its food security programming, based on its newly defined food aid policy, gained attention from other organizations, the government, and the media. However, based on the slow progress of reform and advocacy efforts, it seems the momentum CARE gained from the initial external attention it gained has not stimulated broad change.

This chapter will examine how CARE transformed its own food security programs. Special attention is paid to the factors that motivated CARE's decision to end monetization programs; the risks attached to this policy; and how this decision was received by other PVOs, NGOs, and federal policymakers. The methods of analysis include: interviews with key staff during the transition time, internal documents and

public statements from CARE. In doing so, this chapter aims to answer the following questions:

- What is the process CARE went through to develop a new position on the use of food aid?
- What are the key lessons other organizations can learn from CARE's experience?
- How has CARE's decision impacted U.S. food aid policy and influenced the practice of other organizations?

The Importance of Food Aid to CARE's Historic Mission

CARE began as an alliance among 22 NGOs to coordinate the delivery of relief aid, called 'CARE' packages, to World War II survivors. The first packages reached Le Havre, France in May 1946, and over the next two decades 100 million more CARE packages reached people in need across Europe and in various parts of the developing world.[149] The name CARE initially stood for "Cooperative for American Remittances to Europe," but as the scope of CARE's work grew, the name took on new meaning. It now stands for Cooperative for Assistance and Relief Everywhere, Inc. In the 1950s, CARE began distributing U.S. food aid supplies in the developing world.

[149] "History of Care." CARE.org. CARE, n.d. Web. 3 July 2009.

The mission of the organization grew over the decades to include a broad array of programs, including famine relief, agriculture and agroforestry as well as economic development, education, HIV/AIDS, health care, and water. CARE has been on the forefront of responding to natural disasters ranging from the famines that struck Africa in the 1980s to the devastating hurricanes in Central America in the late 1990s. Providing emergency food relief grew over the years as one of the primary areas of the organization's work. CARE has the infrastructure in place to deliver humanitarian aid in a timely fashion with field offices and local chapters in developing countries around the world. The funding from the U.S. government through food aid appropriations was also a significant and steady source of funding for the organization. In 2004, agricultural commodities provided through U.S. food aid programs made up CARE's second largest revenue stream ($104 million in 2004), second only to U.S. direct public support.[150]

In 2001, CARE's official policy on monetization favored its monitored use, stating that:

> *Monetization can be used to open local markets to broader participation, where appropriate, to strengthen fragile markets, and to generate cash to support longer-term development objectives and shorter-term programs. The actual percentage of food aid monetized will be based upon the most appropriate programming approach, identified through sound contextual analysis. It is strongly recommended that the proceeds of monetization not be used as the sole*

[150] *CARE USA 2005 Annual Report*. Atlanta: CARE USA, 2005. Print.

source of funding for a development program. Monetization should be undertaken through a consortium of PVOs with host governments or by using a private firm, following detailed market analysis and in line with the Food Aid Management Monetization Manual.[151]

New Leadership and a Shift to a Human Rights' Based Approach to Development

When organizations transition to new leadership, they may undergo a period of internal reflection and refocusing of their missions. The new leadership brings experience and priorities that might differ from the organization's current standard of practice. This was the case for CARE when Peter Bell took the reins as president in 2000. Bell had served on CARE's Board of Directors for seven years, five as chair, before assuming the role of president. Thus, he began his tenure with a high level of familiarity with CARE's work and operations.

Nevertheless, Bell's service on the board also alerted him to some internal issues that he believed needed addressing. Bell stated in a July 2009 interview that, "When I arrived at CARE, what was valued by many managers was 'building the business of CARE"; he sought to shift the emphasis to an impact driven, rights-based approach that was more intentional in how development principles were carried out.[152] This change marked the beginning of an internal reflection process, which ultimately led to a shift to a

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151 CARE USA Programs: Using Food Resources. Policy Statement, December 2001.

152 Bell, Peter. Personal Interview. July 2009.

"right's based approach" to development. According to the United Nations Development Group, the human rights based approach (HRBA):

> *...leads to better and more sustainable outcomes by analyzing and addressing the inequalities, discriminatory practices and unjust power relations which are often at the heart of development problems. It puts the international human rights entitlements and claims of the people and the corresponding obligations of the State in the centre of the national development debate, and it clarifies the purpose of capacity development.*[153]

Bell shepherded a process of analytical evaluation of CARE's work through this HRBA lens, which led to a redefining of CARE's mission and vision statements. Additionally, CARE developed a set of six Programming Principles that it would adhere to in all of its operations: promote empowerment; work with partners; ensure accountability and promote responsibility; address discrimination; promote non-violent resolution of conflicts; and seek sustainable results.[154] These deliberate actions were intended to shift the focus of CARE from a primarily emergency relief organization to one that focused more broadly on ending poverty, or as Bell stated, from "addressing the symptoms of poverty to the underlying causes."

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153 "Human Rights Based Approach to Development Programming." United Nations Development Group, n.d. Web. 7 July 2010.

154 "White Paper on Food Aid Policy." Atlanta: CARE-USA, 2006. Print.

Exactly how this new approach would impact CARE's food security programming was still uncertain. Bell was aware before starting his new role as president that food was a very important part of CARE's mission and history, but he believed that the organization had become too dependent on emergency food programming as its central mission. Nevertheless, Bell did not have strong negative feelings on food aid specifically; rather he felt that the heaviness of food as the primary focus of CARE's work seemed "musty",[155] meaning the programs seemed outdated and not reflective of CARE's general mission. Indeed, many of the practices of procurement, distribution and management of food aid, as well as the politics of allocating resources for food aid, were not compatible with the CARE International Vision and Mission Statement[156], which read:

> *We seek a world of hope, tolerance and social justice, where poverty has been overcome and people live in dignity and security. CARE International will be a global force and a partner of choice within a worldwide movement dedicated to ending poverty. We will be known everywhere for our unshakeable commitment to the dignity of people.*

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[155] Bell, Peter.

[156] "White Paper on Food Aid Policy."

Internal Policy Discussions on Food Aid

The HRBA framework that CARE had chosen to gauge the appropriateness of its development work was not aimed specifically at food aid; nevertheless certain aspects of these programs seemed to fail the criteria when applied, especially monetization. However, it was the research of food aid's efficiency by Dan Maxwell and other key CARE staff , which triggered an examination of these programs' effectiveness in addressing poverty and hunger. Bell explained that, "some of the best people that had been working on the *Food for Peace* projects[157] had developed doubts about the use of food and the costs associated- like to markets and transportation."

Discussions around the impacts of food aid on people and local markets in developing countries intensified after the passage of the 1999 Farm Bill through which Title II food aid programs are authorized. CARE had supported the Farm Bill's food aid provisions, but soon after there was an "awakening", according to former Vice President for Programs, Susan Farnsworth. She stated that the system might be harmful to the same people the organization was trying to help.[158] There was some hesitancy to begin exploring an area that could ultimately challenge the U.S. policy that supported the organization's work. However, with the leeway provided by Bell and Farnsworth, and

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157 *Food for Peace* is the USAID administered food aid grants programs for PVOS and implementing NGOs.

158 Farnsworth, Susan, Personal Interview, July 2009.

guided by the research of Maxwell, the staff began internally engaging on issues of food aid efficiency and ethics.

At the time, Dan Maxwell was conducting independent research on food aid policy with Cornell researcher and food policy expert Christopher Barrett. Maxwell had served as CARE's Deputy Regional Director for East Africa and was reassigned to the U.S. during the time when these internal food aid policy discussions were beginning. During his time in the field, Maxwell had developed strong opinions on the utility of food aid monetization, based on his experience overseeing these projects.[159] He explained that food aid can be an effective tool for addressing food insecurity when it is directed at the household level for emergency purposes; however, the shipping of commodities is highly inefficient, increasing response time and associated costs.[160] In addition, he found that the administrative burdens of the monetization process were not in the best interests of NGOs like CARE.

In 2005, Maxwell and Barrett had limited data on actual commodity shipping times; however, as their research took shape into a book, new evidence revealed the harmful impacts monetization can inflict on local markets (see Chapter 2). As drafts of their work began to emerge, Maxwell shared his findings with coworkers where he found an "interested ear'' in those seeking to move CARE beyond its more singular focus of a

[159] Maxwell, Dan. Personal Interview, March 2011.

[160] Ibid.

"dependency on food aid" toward a broader emphasis on finding new ways to respond to food security issues.[161]

In accordance with Maxwell's research, staff concerns focused on the use of U.S. commodities in addressing food insecurities around the world. More specifically, concerns were focused on impacts of large shipments of U.S. commodities on local market conditions, as well as CARE's practice of monetization. There was also a belief by many that U.S. food aid policy was outdated and that monetization and other aspects of Title II programs no longer met the organization's mission.[162] As the evidence by Maxwell and Barrett exposed a myriad of issues with food aid, CARE's own reputation was also of concern; what would it say if the organization continued with the status quo despite clearly knowing the associated downsides?

To move the organization forward, the Board of Directors would also need to understand the issues at hand and support the direction the discussions were taking. Key staff prepared a memorandum for discussion with CARE's Board on the use of food aid in the field and Maxwell was invited to present his findings to its members.[163] Over the next year, CARE embarked on a more formal internal evaluation of its food aid

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161 Ibid.

162 Kauck, David. Personal Interview. May 2009.

163 Ibid.

programs and policy. Although Maxwell's research did not start out as a platform for policy reform,[164] it became just that.

In July 2004, CARE broached some of the questions the organization had been internally struggling with to the broader NGO community and food aid stakeholders. Bell delivered a speech at Food for Peace's 50th anniversary celebration that not only extoled the benefits Food for Peace had delivered over the years, but also raised questions about food aid's efficiency. Bell stated that:

> *Over the coming year, we will continue to ask ourselves how best to use this critical resource. I would like to share with you some of the questions we will be asking ourselves. These questions can be difficult, and even contentious. But if we are to keep our focus on reducing hunger, food insecurity and poverty, and on achieving the Millennium Development Goals, we must grapple with them.*[165]

While recognizing that food aid has saved many lives and has been a critical resource in times of crisis, the speech, prepared with Farnsworth and Maxwell, identified several areas of concern for consideration by the stakeholders present. The speech questioned whether, "consolidating the US government's six different food aid programs into a single program under one agency result in a more streamlined and effective food

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164 Maxwell, Dan.

165 Bell, Peter. "Reflections on the Future of Food Assistance." The 50th Anniversary of Food for Peace. Washington, D.C. 21 July 2004.

aid system…"[166] Whether there were quicker, more cost effective means of procuring commodities for food aid purposes, rather than relying solely on transatlantic shipments from the U.S., was also questioned.[167]

Finally, in his speech, Bell acknowledged that through monetization, NGOs have been able to achieve many food security goals, including improving the nutritional status of children and improving agricultural production; however, the practice has also raised concerns over harm to local farmers in the devcloping countries being served:

> *Under what circumstances is monetization the preferred mechanism to use? In which cases is it better to provide cash directly to augment the provision of food resources and to meet food security objectives?* [168]

Furthermore, Bell stressed that stakeholders should be ,"on the alert for those situations when its use may increase the risk of harmful unintended consequences."[169]

Such questions were driving the internal review by CARE of its food security programming. In September 2005, key CARE food security and field staff, along with senior organizational leadership including Farnsworth, met in Cairo, Egypt to fully delve

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166 Ibid.

167 Ibid.

168 Ibid.

169 Ibid.

into these issues. The first day of this meeting consisted of an overview of the key critiques of the food aid system by Dan Maxwell as well as a discussion of the policy environment and food aid funding. The second day focused on key policy choices including monetization, tied food aid, local and regional purchase (LRP), and agricultural subsidies. The meeting also included presentations by several country offices regarding their perspective on the challenges and opportunities of food aid.[170]

The final two days focused on moving forward with an altered organizational policy on food aid. These discussions were critical because CARE's field staff and programmers needed to be clear on the inherent risks and implications that adopting a more strict policy on food aid would result in. Such a large organization could not simply "change its position on a dime," and any policy shifts could not be a "headquarters imposition"[171]; it was crucial to have support from the field and from the people on the front lines.[172] CARE staff discussed potential "worst case scenarios" and the organization's preparedness to handle reduced revenue as well as its ability to apply to a limited number of multi-year assistance programs (MYAPs). The focus on the final day of the Cairo conference was to reach consensus on how CARE should move forward, specifically:

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170 Based on agenda from CARE Cairo meeting, September 30-October 3, 2005.

171 Bell, Peter. Personal Interview. July 2009.

172 Ibid.

A. "How it [CARE] should use food resources in alignment with its vision and programmatic principles;

B. How it should adjust to new realities in the operating environment."[173]

A plan for necessary actions to move CARE by country offices, advocacy staff, senior management and others was also defined.

The development of the new food security policy was an opportunity to work towards consensus. Although some staff remained uncertain or opposed, the decision to significantly change CARE's approach to food aid spread throughout the organization. Facing the reality of a more limited resource environment in the future, broad staff support was critical to avoid internal struggles and finger pointing at a later time if the financial, and thus operational, outlook for the organization became difficult. The Cairo meeting also provided the opportunity for CARE staff to be well educated on the food aid issue, and to brainstorm responses to various scenarios. This preparedness helped field offices, advocacy staff and others make a smoother transition as CARE prepared to formally shift its position and policy on food aid.

[173] Based on agenda from CARE Cairo meeting, September 30-October 3, 2005.

CARE 's Revised Food Policy Positions

The internal discussions of 2003-2005 led to an overarching shift in CARE's food security policy and programming approach, culminating in the production of a "White Paper on Food Aid Policy,"[174] published in June 2006. Although the paper and the organization's food aid policy review were intended largely for internal purposes, the intent to influence the dialogue around food policy and the practice of the U.S. government and other organizations was clear:

> *…the rules of the game are changing with regard to food aid. CARE's Food Policy Review is part of its effort to actively engage in the food policy debate in order to encourage the evolution of food aid management towards being a more flexible and appropriate resource…*[175]

The White Paper defined CARE's positions in four food aid related policy areas that most affect food aid's effectiveness and CARE's programs.[176] Each of the focus areas presents a revised position on the subject and the reasoning that led to the decision. In addition to monetization, the paper also presented positions on LRP, U.S.

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174 "White Paper on Food Aid Policy." Atlanta: CARE-USA, 2006. Print.

175 White Paper on Food Aid Policy, pages 2-3.

176 Ibid., pg. 3

Department of Agriculture Programs (PL 480/Title II), and international trade and agricultural subsidies.

Strong support for LRP is justified in the first of the policy focus areas in terms of reducing the costs, delays, and market distortions that traditionally tied food aid can bring. Additionally, LRP increases the procurement flexibility and provides new opportunities for small farmers in local markets.[177] Recognizing that LRP is a "complex undertaking" and that greater "understanding of local markets and potential risks and unintended consequences" is needed before engaging in LRP large scale, CARE makes clear its support of efforts to increase LRP resources.[178]

The next policy area highlighted presented CARE's decision to end monetization by September 30, 2009 and reflected the internal discussions at CARE, the research of Maxwell and Barrett, and the experience of field offices in implementing the programs. The only exception to this decision would be, "when [CARE] is sure that the food which is monetized reaches vulnerable populations and has effective targeting of poor people with limited purchasing power."[179] The organization officially laid out the three main problems that it finds with monetization, leading to its decision to terminate its use:

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177 Ibid,

178 Ibid.

179 The only program that CARE has excluded based on this clause is in Bangladesh.

- "Experience has shown that monetization requires intensive management and is fraught with risks…" The management of the commodity sales are costly and administratively burdensome and the "transactions are…fraught with legal and financial risks" as well;
- Monetization is "economically inefficient." Shipping food from the U.S. and then "selling it to generate funds for food security programs is far less cost-effective" than a cash alternative to fund these programs;
- Monetization involving the "open-market sale of commodities" causes commercial displacement that harms traders and local farmers and can "undermine the development of local markets, which is detrimental to longer-term food security objectives."[180]

In anticipation of the questions likely to arise regarding the impact this decision would have on CARE's resources, the organization's recommendations acknowledge that the end of monetization would undoubtedly result in "reduced stream of cash resources for some country offices. " In addition, the organization stated its intent to replace these funds by advocating for additional cash accounts and the allocation of resources to food security programs. CARE also dedicated itself in the White Paper to advocating for the adoption of a, "principled approach by the U.S. government and Private Voluntary

[180] Ibid., pg. 5.

Organizations that addresses the potential harm to markets and local production as well as the high management costs associated with monetization."[181]

The next policy area focused on in the White Paper addresses those USDA programs covered by Title 1 and section 416b of the Farm Bill[182] through which CARE had been receiving some funding to do its food security work. The objective of Section 416 and Title 1 is to support U.S. farmers through the subsidized sale of food in order to promote exportation and market development for U.S. goods in other countries. Evidence has not shown that these programs have markedly affected U.S. farmers by either supporting the development of export markets or by inflating prices.[183] Therefore, CARE officially stated that it would be phasing out its participation in these programs:

> *...food aid should not be used to enable a donor to establish an unfair commercial advantage and must not create disincentives to local production and markets. CARE believes two USDA programs, Title I (concessional sales) and Section 416 (b) (surplus disposal) are inconsistent with its position and therefore will phase out of participation in these programs.*[184]

The final policy focus area involved international trade, agricultural subsidies and food aid. CARE was particularly interested in how, in relation to the DOHA trade

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181 Ibid.

182 United States. Cong. The Food, Conservation, and Energy Act of 2008. 110th Congress. 2nd Session. P.L 110-246. Washington: GPO, 2008. Print.

183 Ibid., pg 6.

184 Ibid., pg. 6-7

negotiations, "the proposed reduction of agricultural subsidies and trade barriers may be linked to reform of the food aid system, a development that could lead to the elimination of safety nets at a time of rising commodity prices, thus causing the erosion of poor people's purchasing power and access to food."[185]

Impacts on the Policy Dialogue and Advocacy

Following the publication of Maxwell and Barrett's book,[186] CARE made several attempts to share the findings of this research with its food aid colleagues. The organization requested on several occasions that the Coalition for Food Aid[187] consider the issues raised by Maxwell and Barrett's research. CARE had hoped that other NGOs would agree with its new position and join in efforts to educate policymakers and the public about food aid's inefficiencies and alternative means to provide food assistance. Rather, many members of the Coalition expressed concern that the end of monetization programs, as CARE was proposing, would threaten a vital funding mechanism for their food security and agricultural development work.[188]

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185 Ibid, page 6-7.

186 Barrett, Christopher and Dan Maxwell. Food Aid After Fifty Years: Recasting Its Role. London: Routledge. 2005.

187 See Chapter 3 for a discussion of the Coalition for Food Aid's position on monetization.

188 CARE staff, personal interviews. 2009-2010.

The PVOs and NGOs that comprised the Coalition for Food Aid, along with CARE at the time, depended on food aid resources and monetization to fund some percentage of their operations. For some, food aid contributions accounted for less than ten percent of their budgets in 2001, but for others food aid accounted for up to half of their aggregate budgets.[189] According to Maxwell and Barrett, it is not food aid that these organizations inherently need and support, rather it is the "fungibility" of food aid through the monetization process that they seek.[190] Without these revenues, many of the development projects that Coalition members conducted could not be funded through other U.S. foreign assistance appropriations. Furthermore, the development projects monetization revenues fund, "leverage other donor funds as well as private voluntary contributions."[191]

Similar attempts by CARE's leadership to reach out to other members of the 'Iron Triangle' largely met with skepticism. Peter Bell and Susan Farnsworth invited the millers who worked on food aid contracts, such as Cargill and ADM, to CARE's headquarters to discuss the organization's decisions. However, this attempt by CARE to open the dialogue was rebuffed as the millers expressed disinterest in any further discussions of reforming the system.

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189 Barrett and Maxwell, pg. 100.

190 Ibid.

191 Ibid.

Despite these failed attempts, CARE publically released its White Paper and public statement regarding its revised position on food aid in June 2006. The refined position, and announcement that it would be phasing out all its monetization programs, made waves within the food security community and in the international media. Examples include a series of articles by Celia W. Dugger of The New York Times on the inefficiencies of food aid and CARE, and an article in the August 2007 issue of TIME Magazine.[192] Newspapers across the country, from the Boston Globe[193] to the Los Angeles Times[194] reported on CARE's rejection of food aid resources and the reasons behind its decision. As media coverage increased, opposing voices were getting louder as well. The Coalition for Food Aid's leadership was vocal in its public dissent of CARE's position, stating in The New York Times that the organization had gotten it wrong. The coalition countered that the food aid commodity system works because helps to maintain hard currency in developing countries and stave off food price spikes, while also paying for critical anti-poverty programs.[195]

CARE's leadership understood that its position would be controversial with members of Congress, USAID, USDA and other NGOs. At the annual USAID/USDA

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192 Harrell, Eben. "CARE Turns Down U.S. Food Aid' TIME 15 August 2007. Print.

193 "The Long Hoe of Agribusiness". Editorial. The Boston Globe. 19 August 2007.

194 Stein, Joel. "No thanks, and keep your farm aid." Opinion. Los Angeles Times. 24 August 2007.

195 Dugger, Celia. "CARE Turns Down Federal Funds for Food Aid." The New York Times. August 16, 2007

sponsored International Food Aid & Development Conference in Kansas City, Missouri, a meeting of the Coalition for Food Aid was called to determine the direction of the group moving forward. CARE representatives delivered the organization's position at this meeting; CARE was willing to remain in the coalition if lobbying on monetization ceased under the coalition's banner. However, the organization proposed that individual organizations could continue to lobby independently for monetization under their own logos.[196]

The Coalition's leadership determined that it would not end its lobbying for commodity based food aid and increased use of monetization, and individual member organizations needed to decide whether or not they would participate. CARE could not agree to these terms and fellow Coalition member organizations (Catholic Relief Services, Save the Children, and Mercy Corps) all stated their intention to leave the Coalition as well. Irreparably fractured, the Coalition dissolved later that year and reconstituted itself as The Alliance for Global Food Security. Those organizations that opted out of the Alliance did not go as far as CARE in ending their monetization programs; however, they agreed that they would cease lobbying for these resources and promote alternative methods.[197]

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196 CARE staff, Personal Interview.

197 Ibid.

Not long after, in mid-2008, world food prices spiked to record highs, pushing the number of hungry people in the world back over the one billion mark. This crisis highlighted the shortfalls of traditional food aid to respond in a timely manner as well as the need to refocus efforts on long term, sustainable solutions to food insecurity in developing countries. A group of NGOs and PVOs joined together to draft a comprehensive plan for U.S. foreign assistance efforts to combat hunger that ideally brought together the key areas of emergency food assistance programs, long term agricultural development, safety net and nutrition programs.

Critical to building a strong coalition that would attract the attention of policymakers and have credibility in its approach was to bring together the divergent views of the Alliance for Global Food Security, CARE and other like-minded organizations. To the Alliance, maintaining food aid resources was critical, and to CARE emphasizing flexibility and sustainability was vitally important. The platform the Roadmap provided became a main avenue for CARE to promote the advocacy agenda established in its White Paper.

Over the course of several months and with guidance from CARE food security experts, "The Roadmap to End Global Hunger" was developed. The plan emphasized agricultural development as a key to promoting food security along with food aid and other food assistance programs necessary to meet short-term emergencies. The Roadmap funding chart (see Chapter 3) laid out a plan that would allow agricultural development

resources, which had been depleted over the past two decades (at just $465 million in 2008), to reach parity with Title II food aid resources over the course of five years. Resources for LRP would also be increased over the five-year period to reach parity with commodity based food aid resources.

CARE used this opportunity to promote its position that there are better, more effective options to addressing food insecurity than commodity-based food aid. The Roadmap plan, agreed upon by the Alliance and CARE, would reduce the need for monetization by increasing the amount of complementary funding available for food security related development projects.[198] The resources PVOs and NGOs relied on would, over time, be funded through agricultural development and LRP cash based resources, providing a steady source of funding.

Many of the ideas represented in the Roadmap were incorporated into the *Feed the Future* initiative, previously discussed in Chapter 3. However the expansion of LRP has not been successfully integrated into this program, nor has legislation authorizing its increased use been successful in Congress. While CARE and others made progress in redefining the food security agenda, there is continued additional work to be done to meet the priorities established in the Roadmap.

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198 Roadmap to End Global Hunger.

Where CARE is Today

CARE has been able to use its influence to shape the food security policy towards a more comprehensive and sustainable approach. Yet, CARE was not able to rally the support necessary to substantively change P.L. 480 and the Farm Bill in order to reduce or eliminate monetization and commodity based food aid in favor of more flexible approaches to emergency food assistance, such as LRP.

CARE's leadership had the foresight to bring its field offices into the decision making process when analyzing food aid policy, aiming toward ending its monetization programs. Their "buy- in", or support, was necessary to make the needed changes to field activities that this decision would necessitate. Abby Maxman, CARE Country Director for Ethiopia, explained that the end of monetization required field offices to take a significantly different approach to how they funded certain development programs, and ample time was needed to adequately plan and adapt.[199] In the case of Ethiopia, a net food importing country highly dependent on U.S. food aid, CARE's country office had already begun transitioning away from monetization, as it had found the mechanism inadequate in meeting the needs of the country's poorest people. Soon after, the USAID mission in Ethiopia also ended its monetization programs. Maxman is unwilling to attribute this change to CARE's advocacy on the subject entirely, but does believe there was a strong connection between the two decisions.

199 Maxman, Abby. Personal Interview. March 2011.

Now that the transition away from monetization is complete, the financial impact is being fully felt; the large gap that the end of monetization programs left in CARE's budget has not been closed. Based on the 2010 annual report, U.S. government support for CARE's work dropped from $274.8 million in 2009 to $198.8 million in 2010, citing that the seven point six percent drop in revenues was the result of U.S. government grant funded programs.[200] Sources close to the organization report that it has been a struggle to fully meet program demands and not leave gaps in the field. CARE's decision was a bold statement, and there was hope within the organization that its position would leverage the provision of additional cash resources to meet the organization's programmatic needs, as stated in the 2006 White Paper.[201] However, changes in U.S. development funding have been too slow to fill CARE's resource gap in the short term.

Lessons Learned for Broader Organizational Support of Food Aid Reform

CARE set out to change its approach to food security and hoped that it would also have a ripple effect to other organizations working on the issue. The process by which it came to develop its policy position and bold statement of intent was thoughtful and

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200 *CARE USA 2010 Annual Report*. Atlanta: CARE USA, 2010. Print

201 White Paper on Food Aid Policy.

intentional. Several key ingredients for sparking similar reform can be learned from this example:

- **Meeting the Mission-** Prior to shifting its approach to development, CARE fully reflected on its current process and the impact that it had, both good and potentially harmful, on poor, vulnerable people in the countries it served. This process led the organization to reassess its priorities and refocus its approach to development, highlighting the dichotomy between food aid and the newly adopted human rights based approach to development.

- **Leadership-** The support of leadership was highly critical to the success of CARE's policy shift on food aid and monetization. The organization's leaders sent a clear message to staff that they were actively engaged in the review process and sought staff buy-in into the decision making process. CARE's top people, as well as respected staff experts on food security, were visible throughout the process. In addition, the leadership publically owned the organization's policy positions and actively engaged outside stakeholders.

- **Expertise and Analysis-** The work by internal experts on food aid helped spark discussion on its overall utility. These experts were drawn upon to inform and guide the internal review process so that discussions were not only theoretical, but also based upon field experience, empirical evidence and solid thinking on the

subject. CARE also put efforts behind an internal, critical stocktaking of its own food aid and monetization programs, which demonstrated a rigor to its decision making process.

- **Consensus Building-** CARE spent significant time working towards consensus among its staff before committing to a final decision. By encouraging staff dialogue and debate around food aid's issues, promoting learning and conversation that helps stimulate organizational change.[202] CARE's leadership knew that buy-in from field and programmatic staff was essential to the success of such a dramatic shift in approach. This secured that staff support in making the necessary changes to how programs were planned, implemented and financed.
- **Words and Action-** CARE not only publically expressed its discontent with monetization and food aid programs, but their leaders also backed up these words with action. By turning down key resources and changing its approach to development, CARE showed confidence in its decision and dedication to seeing these changes through. This signaled to media and other NGO counterparts the seriousness with which CARE viewed its new policy position. Furthermore, CARE successfully advocated for a new approach to food security programming

[202] Baker, A. C. *Catalytic Conversations: Organizational Communication and Innovation*. Armonk, NY: M. E. Sharpe Inc. Publisher, 2009.

to policymakers and its partner organization, contributing to new frameworks guiding U.S. food security programs and policy.

Chapter 6- Canada Sets an Example

After decades of running commodity based food aid programs similar to those found in the U.S., the Canadian government began taking serious steps to reform its food aid policy in 2004. The devastating Southeast Asian tsunami of December 2004 provided the 'policy window'[203] that non-governmental organizations (NGOs) needed to demonstrate the ineffectiveness of tied, commodity based food aid programs. What has unfolded since then is a rapid untying of food aid provisions that had greatly restricted Canada's food aid programs for fifty years.

This chapter will look at how Canada's food aid policy has shifted from one of fully tied (restricted to using Canadian commodities only) to fully untied aid in just 5 years time. The role that the NGO community played in propelling reforms forward will be explored and analogous ties to the U.S. system analyzed. Focus is paid to how one specific Canadian NGO, the Canadian Food Grains Bank, provided leadership to the broader sector in shaping research and recommendations. Furthermore, the methods employed to build public understanding and support, as well as educate

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[203] Kingdon, John W. *Agendas, Alternatives, and Public Policies*. United States: Addison-Wesley Educational Publishers, Inc, 2003.

policymakers, are discussed. In addition to the organizing efforts of Canadian based NGOs, the political environment that enabled reform to take root is discussed.

History of Canadian Food Aid Policy

Canada is the second largest food aid donor in per capita donations after the U.S.[204] Similar to the U.S. policy, Canada's food aid programs were strictly tied to domestic agricultural production. Canada's first food aid shipment was $10 million worth of wheat to India[205] under the Colombo Plan for Cooperative Economic and Social Development of Asian and the Pacific drafted in 1950. The goals of the Canadian food aid programs were multifaceted. On the surface, Canada provided humanitarian and development aid to developing countries in need; however, clear international and domestic political motivations also guided the program. In the case of South Asia, the Colombo Plan and food aid disbursements were also a way to meet political objectives of targeting newly independent countries perceived as vulnerable to the spread of communism.[206] At the same time, as in the U.S., the programs sought to disburse surplus wheat supplies while also expanding markets for Canadian farmers'

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204 Oxfam International. "Food aid or hidden dumping?" Briefing Paper, March 2005. Web.

205 Carty, Bob. "From the Sidelines to the Frontlines: The campaign to change Canada's policy on tying food aid" in *Telling Our Stories: Drawing Policy Lessons from Development Experience*. The Canadian Council for International Cooperation. Ottawa: 2006, Pages 46-52. Print.

206 Charlton, Mark. "The Making of Canadian Food Aid Policy." Montreal, 1992.

commodities.

In 1957, a new conservative government was elected in Canada and this government sought to use, "every possible effort…to seek new markets for agricultural products…"[207] The absorptive capacity of the Canadian domestic economy for wheat was smaller than the U.S. making grain exports a high priority; at the same time, however, Canada struggled to compete on the international market against the U.S. Thus, food aid disbursements became a vital outlet for Canadian grain surpluses; by 1958 food aid tied to domestic agricultural commodities grew from 1.9 percent of the Canadian foreign aid to 46.6 percent.[208]

Food aid's importance continued to grow in the 1960s. By the end of the decade, food aid shipments made up ten percent of all Canadian wheat exports and over 57 percent of Canada's entire foreign aid budget.[209] Between 1963 and 1965 alone, food aid increased five times to $35 million; by the end of 1967 the figure had reached $100 million. This increase was in part due to continued difficulties selling grain on the international market, in addition to two monsoons in Asia that required significant aid delivery. The 1960s also marked a growing interest by Canadian policymakers in Africa, and in 1966, the first African countries- Algeria, Ghana, Morocco and Senegal-

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[207] Ibid., pg. 20.

[208] Ibid., pg. 17.

[209] Carty., pg. 3

received food aid from Canada.[210]

Food aid policy in the 1970s was defined by rising food and fuel prices, which brought about a global food crisis. As worldwide wheat prices rose rapidly, food aid declined as a high priority was placed on commercial sales.[211] However, the World Food Conference in Rome in 1974 marked a commitment by Canada and other world leaders to pledge significant "foodstuffs" to developing countries. These new commitments reinvigorated Canada's food aid programs and led to the country's largest provision of food aid ($240 million) in 1976/77.[212]

The food crisis also sparked media interest and public attention on global food issues. Stories about wasted shipments due to poor storage and corruption in developing countries led to significant opposition.[213] The food aid programs began to be studied by Canadian government officials, and an evaluation of program effectiveness was jointly led by the Treasury Board and the Canadian International Development Agency (CIDA). The findings led many to question food aid as a development tool, finding that it both discouraged domestic production and did not

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210 Charlton, pgs 23-25.

211 Ibid, pg. 27.

212 Ibid.

213 Ibid, pgs 27-29.

direct food aid to the, "poorest segments of the population of recipient countries"[214]

Yet, despite these findings, the 1980s saw an increase in the supply of Canadian food aid, along with the tightening of standards. While the efficacy of the programs continued to be called into question, Canadian grain producers struggled to sell their goods in an increasingly competitive world market, which dictated a need for expansion of food aid implementation. According to Mark Charlton in "The Making of Canadian Food Aid Policy", in the 1980s:

> *The renewed growth of the Canadian food aid program is in part a reflection of the changing international grain markets, which have witnessed an increasingly aggressive export war in the 1980s. Competitive patterns of subsidized over-production and export have resulted in a global grain surplus and a resultant drop in prices…[which have led] to both the United States and the European Economic Commission to undertake more aggressive "export enhancement" programs…In the context of this market situation there are strong domestic pressures to maintain an expanding food aid program in order not to lose still further markets.*[215]

In the mid-1980s CIDA strived to develop a more thoughtful strategy and approach to food aid implementation, presenting its own, more positive evaluation of the programs. Nevertheless, policies of many donor countries began to shift in the

214 Ibid, pg 29-30.

215 Ibid., pg. 34.

1990s as research and mounting evidence (discussed in previous chapters) questioned the effectiveness and local impact of commodity based food aid programs tied to domestic agriculture. Canadian programs were no exception to the "resource waste debates" and took a first step towards reform in 1990 by permitting up to ten percent of the food aid budget to be used towards the purchase of food in other countries. The impact was minimal however; of the remaining food aid funding, nearly 40 percent of the budget went towards shipping in 2005.[216]

A 2005 report by Oxfam International highlighted the wastefulness of this system based on an example of aid sent to Nazaret, Ethiopia. The cost of wheat in Canada (C$253)[217] and Ethiopia (C$248) was nearly the same per ton, yet, due to the restrictions on local purchase, the cost of delivering aid increased by C$172 per ton.[218] Thus, delivery costs stretched resources and greatly reduced the amount of aid that could be provided. Of note is that debates regarding the effectiveness of monetization were not prevalent in Canada given its very limited use as compared to the U.S. CIDA historically provided sufficient access to cash based resources to fund development

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216 Oxfam International.

217 Price per ton given in Canadian dollars.

218 Ibid.

projects,[219] and ended the disbursement of resources to be monetized in 2000.[220]

These concerns led to Canada's reduction in the amount of food aid it provided compared to other forms of aid. In the 2000s, Canada began falling short by nearly 30 percent of its commitments under the 1967 Food Aid Convention of providing 420,000 tons (twelve percent share) annually.[221] It was clear that reform of the programs was needed before they became a relic of the past.

Efforts to Reform Canada's Food Aid Policy

One of the major challenges to organizing around food aid reform in the U.S. is the sheer number of distinct NGOs and coalitions with a stake in the programs. In Canada, the Canadian International Development Agency (CIDA) distributes food aid resources through just two channels: the Canadian Foodgrains Bank (CFGB) and the World Food Program. Born out of the relief work of the Mennonite church, CFGB was officially incorporated in May of 1983 with just five member churches seeking to consolidate relief efforts largely directed to famine stricken Ethiopia.[222] Over the

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219 Clark, Stuart. "Re: Canadian Food Aid Policy." Message to the author. 8 February 2011.

220 Oxfam International, pg. 13

221 Ibid., pg. 14.s

222 *Planting Seed, Growing Hope, Building Community*. Winnipeg: Canadian Food Grains Bank, 2003. Print.

years, the CFGB has grown to incorporate fifteen churches and church-based agencies[223] that share a vision of ending hunger, and have come together to pool resources and human capital to more effectively implement their shared mission.[224]

The CFGB model allows each member agency to, "maintain its own account and draw on matching CIDA contributions. Each member agency works with its own partners in recipient countries to deliver food and development projects."[225] They also work together when opportunities present themselves. Domestic support for CFGB stems from rural communities; the majority of grains "banked" comes from farmers making individual donations of grain as well as through community growing projects. Over $9.7 million in grain, cash, and land were donated to CFGB in the 2010-2011 year, more than half ($4.8 million) donated through community growing projects and individual farmers.[226] These ties to rural communities and farmers would prove critical as the CFGB led the campaign to reform food aid policy.

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223 CFGB is comprised of: ADRA Canada (Adventist Development and Relief Agency), Canadian Baptist Ministries, Canadian Catholic Organization for Development and Peace, Canadian Lutheran World Relief, Christian and Missionary Alliance, Christian Reformed World Relief Committee, Emergency Relief & Development Overseas, Evangelical Missionary Church of Canada, Mennonite Central Committee, Nazarene Compassionate Ministries, Presbyterian World Service and Development, Primate's World Relief & Development Fund, The Salvation Army, United Church of Canada, and World Relief Canada

224 'About Us." Canadian Foodgrains Bank, n.d. Web. 15 August 2011.

225 *Planting Seed, Growing Hope, Building Community*, pg. 5.

226 'About Us." Canadian Foodgrains Bank.

Humanitarian food aid programming continues to make up the majority of CFGB's programming; however, the1990s marked a shift in the organization's focus as it began to consider more broadly how to achieve long term, sustainable food security in the developing world. While continuing the immediate relief work centered around food aid that was at the core of its international work, CFGB's Board of Directors approved a new policy in 1996 to allow a portion of its donations (20 percent) to fund longer term food security activities (not food aid related) such as, "agriculture development, food processing and storage, nutrition health related activities, and peace building"[227].

At the same time, and soon after the addition of Jim Cornelius, a former CIDA employee, as executive director, the CFGB began to seriously evaluate the impact and effectiveness of traditional food aid. A significant amount of time was dedicated to technical analysis and research on the effectiveness of food aid over the next few years.[228] In 1999 the CFGB convened the Canadian Food Security Policy Group, (CFSPG)[229] a working group of NGOs working on food related issues, to broaden the dialogue on effective food security policy. Food aid was not at the top of most of the

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227 Canadian Food Grains Bank, "Planting Seed, Growing Hope, Building Community", pg. 22.

228 Cornelius, Jim, Executive Director of the Canadian Foodgrains Bank. Personal Interview. 19 August 2009.

229 Convened under the umbrella organization of Canadian Council for International Cooperation.

members' agendas; rather most favored examining issues of long-term food security, such as agricultural development. However, with time, and the addition of other organizations that sought to reform food aid policy like Oxfam Canada, interest grew in pursuing an agenda focused on ensuring that food aid resources were better utilized.[230]

There was also concern that despite growing need, Canada and the international community were drastically cutting food aid resources that were vital to relief programs. Worldwide food aid resources had dropped by 40-50 percent over the previous decade and, at the time, made up just less than three percent of shrinking Official Development Assistance (ODA) budgets.[231] The alarming reality was that CIDA's support for all food security programming including agricultural development, food and nutrition programming had declined by 58 percent in the 1990s[232] without a correlating drop in need. Furthermore, despite a policy change in the 1990s allowing up to ten percent of food aid dollars to be used for purchase of foodstuffs and other necessary resources in developing countries, Canada's food aid program remained one of the most restrictive in the world, second only to the United States.[233]

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230 Cornelius, Jim. Personal Interview.

231 *Towards Reducing Hunger by Half: A Canadian NGO Proposal for Canadian Aid*. Ottawa: Canadian Food Security Policy Group, October 2000. Print.

232 Ibid., pg. 1.

233 Carty, pg. 49.

At the core of the group's work was evidence demonstrating that the tying of food aid to agricultural surpluses reduced the effectiveness of Canada's foreign assistance dollars. In addition, evidence showed that the nation's ability to effectively respond to crisis was hampered by the tied food aid system, as well as concerns regarding the potential harm that food aid could do to developing countries' markets.[234] The CFSPG drew attention to the additional time and costs associated with shipments of food aid; an OECD report validated that shipments often reached recipient countries late and increased the costs, compared to procuring locally, by over 50 percent.[235] Additionally, the report reinforced concerns over food aid's disruption to local markets by displacing local crops through both monetization and large shipments for distribution.

The policy group formalized its arguments in an October 2000 action plan titled "Towards Reducing Hunger by Half: Canadian NGO Proposal for Canadian Aid" which explained to policymakers why food aid policy was in need of reform. The action plan was written in response to the Canadian Government and NGO's agreement to the newly established Millennium Development Goals at the World Food Summit in

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234 Cornelius, Jim. Personal Interview.

235 Organization for Economic Co-Operation and Development. *The Development Effectiveness of Food Aid: Does Tying Matter?* Paris: OECD Publishing, 2006. Print.

September 2000.[236] In addition to highlighting the main causes of food insecurity, the action plan detailed how Canada could better respond to increasing gaps in food distributions and made recommendations on food security programming priorities.

The paper supported food aid as, "a powerful intervention in situations of hunger, particularly in emergencies, "when properly targeted at the household level.[237] However, concerns over the way Canada was implementing food aid programs were explained. According to the CFSPG, food aid needed to be more closely tied to household levels food gaps, which represent the difference between household needs and access to domestic and import foods, and integrated with long-term food security projects. The paper questioned the monetization practices "in areas where they add little to the national food supply because they substitute for existing commercial practices"[238] and focused on the need for increased local and regional purchase. Monetization, in these cases, may not add to improved access to food through the local sale of imported commodities, but rather displace domestic production:

…there is an increasingly strong case for procuring more food for food

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[236] "In September 2000, building upon a decade of major United Nations conferences and summits, world leaders came together at United Nations Headquarters in New York to adopt the United Nations Millennium Declaration, committing their nations to a new global partnership to reduce extreme poverty and setting out a series of time-bound targets - with a deadline of 2015 - that have become known as the Millennium Development Goals." http://www.un.org/millenniumgoals/bkgd.shtml.

[237] *Towards Reducing Hunger by Half: A Canadian NGO Proposal for Canadian Aid*. Ottawa: Canadian Food Security Policy Group, October 2000. Print.

[238] Ibid.

aid from local and regional markets. Not only can this have the effect of providing an incentive for increased local food production and retaining the preferences for locally available food, it often results in more food being made available to close household level food gaps. Often locally produced food is less expensive, a difference that is magnified by avoiding the expense of ocean freight from Canada.[239]

Based on these beliefs, the following recommendation on how the government should program food aid through monetization and LRP were developed:

- *"Ensuring that monetizations of food aid are designed to contribute to real national food gaps and do not simply replace food that would have come from commercial procurements.*
- *Increasing the flexibility to utilize food aid resources for local/regional purchase. The current limit of 10 percent should be increase to at least 30 percent … the flexibility to allow more local purchases would… increase the food provided and stimulating local agricultural production.*[240]"

According to Jim Cornelius, executive director of the CFGB and chair of the CFSPG, the campaign took these positions to those decision makers well positioned within the political system with the power to influence change. The working group met

239 Ibid.

240 Ibid., pg 9.

with the Canadian Ministers of Agriculture and Trade who agreed with the organizations' findings, however were reluctant to support their recommendations. The ministers' assumed that the Canadian public would not support the proposed changes, given the program's ties to domestic agriculture, and were not willing to expend political capital in this area.[241]

Broadening the Campaign

The Canadian ministers were unwilling in 2000 to take this issue to the public for fear that the position would prove unpopular with those interested in preserving Canada's agricultural sector, thus costing them political support. The CFRB expected this reaction, and. in anticipation, had been testing the reform message with their supporters, many of whom were farmers, for some time. They had launched a grassroots campaign to reach the public through meetings in supporters' homes and in churches; through this process, the CFRB found that people were quick to understand the negative realities associated with food aid and wanted to make a difference. Farmers easily understood the potential negative impact of tied aid on local agricultural producers in developing countries if their crops were displaced or prices depressed by

[241] Cornelius, Jim. Personal Interview.

food imports.[242] According to Cornelius, farmers are smart business people and understand markets and their numbers; they knew that increased trade through globalization had resulted in reduced surplus, and thus they did not need the standard food aid programs that at one time had helped them clear their extra supply.[243]

The challenge faced by the reform campaign led by the CFRB was proving to the ministers that the majority of farmers understood the costs and benefits associated with untying Canadian food aid programs. The Minister of Agriculture's office had stated that to gain the ministry's backing, there would need to be: expressed support from commodity groups, neutrality from the opposition political parties, and ideas that came outside traditional venues.[244] They knew that in order to influence government they would need to engage farmers in the political process; that meant winning the support of the groups the ministers listened to, like the Canadian Wheat Board, the Canadian Federation of Agriculture and the National Farmers Union.[245]

Farmers in support of the proposal to untie Canadian Food Aid began pushing resolutions at various farmer union conventions in order to publically declare the union's support for reform. Several resolutions passed, starting with the Canadian

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[242] Carty, pg. 50.

[243] Cornelius, Jim. Personal Interview.

[244] Ibid.

[245] Carty, pg. 50.

Federation of Agriculture and followed by the Western Canadian Wheat Growers Association and the Western Canadian Barley Growers Association.[246] However, to gain these associations' support, a compromise had to be reached; rather than supporting a policy that involved 100 percent untying of Canada's food aid programs, the unions would only approve 50 percent untying of food aid for local and regional purchase. This was lower than the CFRB and others involved in the campaign sought, but was still higher than other donors, such as the European Union.[247] It was a necessary compromise to advance the overall agenda.

Making the Change

Support of the farmers set the stage for reform to happen, but it was not until the December 2004 South Asian tsunami that the government finally changed its position. The tsunami tragically exposed the limitations of tied, commodity based food aid to the public and spurred the long sought reform. According to Cornelius, CFRB members watched as thousands of people were displaced and stranded, without food, water and shelter, knowing that there was little they could do to help those so desperately in need. It would take weeks, if not months, to ship food aid to the affected areas. Local and

246 Cornelius, Jim. Personal Interview.

247 Carty, pg. 51.

Regional Purchase (LRP) was not an available option because the ten percent of food aid resources available for this was fully utilized for the fiscal year, tying the hands of the aid agencies.[248]

The Canadian aid system failed to provide the necessary resources or flexibility to allow relief organizations to respond in a timely and appropriate manner to the tsunami. This tragic event exacerbated the shortcomings of tied aid and provided the necessary impetus to push the reform message. With farmer backing in place, the CFRB and members of the CFSPG seized this opportunity to shine a light on the limitations of the Canadian food aid system, and how it prevented the government and their organizations from responding to those most in need. In September 2005, Minister of International Cooperation, Aileen Carroll, Minister of Agriculture and Agri-Food, Andy Mitchell, and Minister of International Trade, Jim Peterson jointly announced the untying of half of Canada's food aid resources for local and regional purchase. The three ministers, speaking together, signaled that all sectors of the government and country supported this policy change and the long -term impacts for Canada would be positive.

In a news release issued by the government, Minister Carroll stated in a press release that, "This new policy gives us the ability to respond more quickly and with

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248 Cornelius, Jim. Personal Interview.

greater flexibility to disasters world-wide…it will help lower transportation costs, provide more culturally appropriate food, and allow Canada's aid dollars to go further while supporting local farmers in developing countries."[249] The ministers also downplayed any potential impact on Canadian farmers explaining that Canadian domestic food aid purchases comprised only point three (.3) percent of total Canadian agri-food production.[250] Minister Mitchell emphasized that extensive consultation with Canada's agricultural sector had revealed support for this policy change,[251] a reference to the CFRB's campaign and grassroots outreach.

Positive attention was paid to this announcement by the media, largely through expressed opinions that this policy change was an overdue necessity in making Canada more responsive to humanitarian crisis. A former Canadian trade advisor and delegate to the World Trade Organization (WTO) and FAO wrote in The Toronto Star that, "This change represents a much-needed amendment to our food-aid policy, one that aid organizations have been advocating for years. Domestic sourcing rules have long been considered a major hindrance to the effectiveness of Canada's food-aid donations."[252]

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249 "Canada opens food aid purchases to developing countries." Canadian International Development Agency, 22 September 2005. Web.

250 Ibid.

251 Ibid.

252 Marguilis. Matias E. "Changing Canadian food aid rules only first step." *The Toronto Star*. 27 September 2005: A25. Print.

The advocacy campaigns, coupled with the striking visual impact of the tsunami and its aftermath, pushed the government to reform. However, the media also reflected that the timing, and three ministers jointly endorsing this policy shift, tracked with the country's desire to influence the WTO negotiations as the December 2005 deadline neared:

> *Food aid, and domestic sourcing in particular, has emerged as one of the more contentious issues in the current World Trade Organization agriculture negotiations. As the December deadline looms for an agreement, this policy shift could be seen as an opportunistic move on the part of the government as it seeks to strengthen its position in the negotiations.*[253]

Minister of International Trade, Andy Mitchell, did acknowledge in a news release that "Canada is showing leadership by taking action in food-aid reform;"[254] however, whether his reference is to simply providing higher quality aid or improved positioning at the WTO negotiations is difficult to pinpoint.

A change like this by the government without the priming of the CFGB's campaign to bring together farmers, commodity groups, and NGOs alike would have been difficult to achieve. With this victory, the CFGB and others decreased their

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253 Ibid.

254 "Canada opens food aid purchases to developing countries."

emphasis on food aid reform and shifted to other priorities, such as better food security program integration with areas like agricultural development. Also, Canada's food aid policies were leveraged within the food aid convention framework. However, it did not take long before the policy environment shifted further in the direction the NGOs had long hoped for.

In 2008, a new Conservative government came to power that strongly believed in improving foreign aid effectiveness. At the same time another global crisis was surfacing in the form of record high food prices. Between 2006 and 2008, basic commodity prices had risen by 60 percent and grain prices had more than doubled. With food prices at a 30 -year high, coupled with a global economic recession,[255] millions of people slid into a state of food insecurity. High commodity prices also translated into less food able to be purchased for food aid use.

In this time of great need, tied food aid was reduced because Canadian dollars did not stretch as far when food prices were exceedingly high. On September 8, 2008 Minister of International Cooperation, Beverley J. Oda, announced the Canadian government's decision to fully untie restrictions on where food aid could be purchased. The minister stated that this policy change, as well as additional funding towards emergency relief, reflected how, "Canada [was] responding to the terrible impact that

[255] "Initiative on Soaring Food Prices." *Food and Agriculture Organization*., n.d. Web. 13 August 2011.

rising food costs are having on the world's most vulnerable people..."[256] The government also clearly linked LRP and the untying of aid to improved efficiency, stating that:

> *Canada is maximizing the effectiveness of its contribution by untying restrictions on food aid. This will provide the WFP and the CFGB with the flexibility to procure food commodities from all countries - especially developing countries. By removing these restrictions, Canada is also promoting the growth of local and regional markets in developing countries.*[257]

Differences from the United States that Impact Policy Change

Canadian development organizations achieved their policy goals through a long, intentional campaign. There are several key learnings from this example that are applicable in the U.S. There are also important differences to take into account. These differences affect the likelihood of success of certain tactics or approaches to achieving policy change.

- **Political System** The most obvious, and perhaps most critical, difference between Canada and the U.S. are their respective political systems. In Canada,

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256 "Canada Boosts Aid in Response to the U.N. World Food Programme's Global Appeal." Canadian International Development Agency, 30 April 2008. Web.

257 Ibid.

advocacy groups targeted the Ministers of Aid, Trade and Agriculture, chiefly because those figures are empowered to authorize the types of policy changes necessary to untie food aid. While the ministers are political actors and concerned with the opinions and perception of the public, the political power in Canada is more consolidated. Thus educating these three decision makers and building agreement among them is much less complicated than building consensus among the many Congressional committees and individual members of Congress required in the U.S.

Untying food aid in the U.S. would require an act of Congress to authorize monies designated in Public Law 480 (P.L. 480), Food for Progress; Section 416(b); and the McGovern-Dole International Food for Education and Child Nutrition Program, be used for purchase of food outside of the U.S. Furthermore, the Cargo Preference Act of 1954 (P.L. 83-664), and subsequent amendment to the Merchant Marine Act of 1936, would need to be repealed.

- **Other Vested Interests** Changing these laws in the U.S. is quite difficult given the strong support the agricultural, commercial, and maritime interests benefiting from these laws has in Congress. These sectors combined resources to lobby for the status quo, or minimal change, remains unmatched.[258] In Canada, these sectors did not provide the same political roadblocks historically

[258] Discussed in more detail in prior Chapters 1-3.

encountered in the U.S. The agricultural sector in Canada is not nearly as large or dispersed as it is in the U.S. As Jim Cornelius stated, power is much more concentrated in Canada. Furthermore, no equivalent to the Cargo Preference Act in Canada, presenting one less law requiring change and one less interest group to respond to.

- **Fewer Development NGOs that depend on Food Aid** In the U.S., the number of NGOs registered to receive food aid grants tops 75 according to the USAID database. In Canada, food aid resources not utilized directly by the government are only provided to two groups: the World Food Program and the CFGB. As the survey results in Chapter 4 reveal, U.S. based NGOs utilizing food aid are split in their beliefs of whether commodity based aid is the most appropriate way in which to respond to emergency food crisis. Nearly all U.S. NGOs favor increased LRP, but few are engaged in advocacy to change the policies that restrict its use. At the same time, some of these NGOs and coalitions also advocate strongly to maintain the status quo, further fractioning any messages of best practices. The sheer number of organizations with a financial stake in the process is a hindrance to reform.

CFGB emerged as a strong thought leader, shaping the agenda on food security and setting priorities. This provided a clear, unified message to policymakers who had clear marching orders, if they were accepted. The other

NGOs followed their lead and worked with them in gathering research, forming policy recommendations, conducting public outreach and organizing grassroots support. The U.S. NGO community has yet to reach this level of consensus.

Lessons and Recommendations

Despite several significant differences between the Canadian and U.S. experiences, there are several notable lessons that U.S. organizations can apply to any future food aid reform efforts. These lessons should be heeded by U.S. organizations seeking to broaden and succeed in any campaign intended to end restrictions on LRP and tied aid. In some cases, the U.S. has already made progress in the respective area; what is still lacking is a cohesive approach that pulls all these respective pieces together into a viable plan of action.

- **Leadership** The Canadian experience demonstrates how the persistence of a strong organizational leader, found in this case by the Canadian Food Grains Bank, can shape a policy dialogue, build an advocacy agenda, inspire the trust of stakeholders and the public. Through internal reflection on program inefficiencies, the CFGB put time and resources into building an evidence base that would sway those who believed in the superiority and necessity of tied food

aid. It also provided organizations with the evidence needed to justify taking policy positions against tied aid.

In the U.S., CARE was an organization utilizing food aid yet still willing to step out in terms of providing a critical analysis of food aid's shortcomings. CARE supported evidence building focused on food aid's ineffectiveness, and crafted policy recommendations based on these findings. The organizations also worked to influence policymakers and other stakeholders. Where the organization encountered more serious roadblocks, compared to the Canadian example, was in its ability to successfully commit other organizations to adopt the same policy position, likely due to their respective reliance on food aid resources as previously discussed. Furthermore, CARE has not made a sustained effort to educate the U.S. public and influential groups, like farmer and agribusiness, who could favorably shift the dialogue.

- **Political Buy-In** Several Canadian development practitioners at CIDA and government policymakers expressed agreement early on that tied commodity based food aid was not the most efficient or effective route to ending hunger. Yet, they were hesitant to express this belief publically for fear of political repercussions. Nevertheless, the CFSPG spent time cultivating these policymakers, deliberately providing them with memos and policy positions, sign on letters and personal meetings to build an understanding of the NGOs' position.

When the opportunity finally presented itself, in the case of Canada's inability to respond to the Southeast Asian Tsunami, the groundwork was already laid.

In the U.S., at the end of 2010 there were no clear champions of food aid reform in government. Despite reports backing up CARE's recommendations by the Government Accountability Office,[259] new bills,[260] and a Presidential initiative on food security, food aid policy remains constant. All of these efforts failed to address the inadequacies of the program due to a perceived lack of public support and cross-jurisdictional issues in Congress, discussed in Chapter 2.

CARE and other NGOs have worked to educate policymakers, both in Congress, who legislate food aid policy, and in agencies like the U.S. Department of Agriculture (USDA) and USAID, who implement the programs. However, as the survey results in Chapter 4 reveal, many organizations that believe food aid needs to be reformed do little to advocate for change. In order to see positive results, organizations in the U.S. must follow the Canadian example and be bolder in their efforts to educate the U.S. public, especially farmers, and continually reach out to policymakers on the issue.

- **Policy Window** A critical impetuous to significant policy reform is having a favorable set of circumstances under which change seems the reasonable and right

[259] See Chapters 1 & 2.

[260] The Global Food Security Act (HR 3077, S284) and the Roadmap to End Global Hunger Bill (HR 2817) discussed in Chapters 1 & 2.

thing to do. In the case of Canada's food aid reform, the South East Asian Tsunami of 2004 spotlighted the shortcoming of the country's humanitarian food aid programs in its ability to adequately respond to the crisis. Despite repeated calls for reform by members of the CFSPG, media coverage of the tsunami and Canada's limited ability to respond provided the needed external pressure and public exposure to spur action by the government. The circumstances provided the necessary political cover for politicians with the power to change the laws.

What is discouraging is that in the U.S., this same policy window, as well as subsequent ones such as the 2008 food price crisis, existed, yet failed to excite similar actions. At the time of the tsunami, NGOs in the U.S. were not as far along in their analysis and critique of food aid policy and not prepared to use the unfortunate circumstances to emphasize policy failings as in Canada. Observing how a policy window, like the tsunami for Canada, can push forward a policy agenda, stands as a useful analogue for U.S. organizations seeking to organize in the future.

Chapter 7- Conclusions and Policy Implications

Food aid policy is complicated by: competing programmatic priorities, entrenched interests, and issues of efficiency and ethics. Despite growing evidence that commodity based food aid is inefficient, wasteful of valuable resources, and potentially harmful to recipient country markets and local famers, efforts to reform the policy in the U.S. have been slow to take root.

This dissertation analyzes the key elements needed for a NGO led reform process of U.S. food aid policy to gain significant ground. The research focuses on the perspectives of Private Voluntary Organizations (PVO) and Non-Governmental Organizations (NGO), given that the motivation of these groups to deliver food aid is largely rooted in an obligation to help those in need, as demonstrated in Chapter 4. The means by which this obligation is met is less important to them than adequately addressing food insecurity issues in developing countries, albeit through traditional food aid commodities, monetization, local and regional purchase (LRP), cash resources, or by some other means. The stakes of the other identified interests—agribusiness, the shipping industry, and U.S. farmers—are associated with financial gains, which would

not necessarily be replaced if another food assistance model were established in place of the current commodity based system. These interests have more to lose if food aid policy was no longer centered solely on U.S. commodities, making them less likely to advocate for reform.

Based on the research summarized in Chapter 2, this dissertation focuses on the reform principles of: a) decreasing the amount of U.S. commodities used for food aid and increasing the amount of LRP utilized, and b) ending the monetization of commodities to finance development and food security projects. The results of the survey featured in Chapter 4 demonstrate a preference by PVOs and NGOs for these reforms to be made; they also underscore a reluctance to advocate for change. Key findings include:

- The majority of organizations view responding to hunger through the provision of food aid as core to their organizational mission and a moral obligation, yet less than half support the way food aid programs are currently administered.
- The overwhelmingly majority of organizations support LRP and other alternative methods of responding to food insecurity, such as cash or voucher programs, and would utilize these programs if they were made more readily available.

- Increased funding for LRP, even if redirected from the existing food aid resource pool authorized in the Farm Bill[261], is generally supported, but there is fear that this would diminish the amount of overall resources available. The broader feeling is that there is a need for an overall increase in food security funding given the overwhelming need in the world.
- Most organizations believe that monetizing food aid may be harmful to local markets and farmers in developing countries.
- One third of respondents monetize food aid, yet the majority of respondent organizations believe the practice may have a harmful effect on local markets and farmers in developing countries. All of the individual PVOs and NGOs that monetize food aid would use cash resources in their food assistance programming and support increased use of LRP and vouchers where applicable. Many would end their monetization programs if these viable options were available.
- More than half of PVO respondents participate in coalitions that advocate in favor of food aid programs. However, less than half have advocated for *changes* to be made to food aid programs.

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[261] United States. Cong. House. *Farm Bill of 2008*. 110th Congress., 2nd Session. HR 6214. Washington: GPO, 2008. Print.

Bias within the survey administration is worth noting. The survey tool was intended to ascertain organizational perspectives, not individuals, however this proves to be somewhat difficult through an online platform. Questions may have arisen by survey recipients as to who was the correct person to answer on behalf of the organization, especially in cases where a formal organizational 'position' on food aid might not be available. Furthermore, it is challenging to assess how many organizations actively participate in U.S. food aid programs given that the number of contracts awarded varies year to year. At the time the survey was completed, the USAID directory was not often updated and is not well indexed, making it difficult to determine how recently organizations may have received food aid funding. Thus many organizations self-selected themselves out of the process because they no longer participate in food aid programs, and believed they no longer meet the organizational profile being sought

Nevertheless, survey results demonstrate that PVOs and NGOs understand that both U.S. government run commodity based food aid and the monetization process are not the most ideal or efficient means by which international food assistance could be provided. However, implementing organizations are under significant resource constraints and are thus inclined to use whatever programs are available to them to combat hunger. However, the majority of organizations show a preference for the increased use of LRP and other cash resources to carry out food security programs in

the field, either in addition to or in place of commodity based food aid and monetization.

Based on the survey results, it would seem that it is not a lack of understanding of the positive and negative aspects of food aid that have stalled reform. Rather, based on lessons culled from the Canadian case study, it would seem more likely that reform has not taken root in the U.S. is the lack of a viable plan to build political and public support for food aid reform as well as clear leadership to shepherd the process. There are several key elements that spurred NGO led reform in Canada and are applicable to the U.S.:

- **Leadership** The Canadian experience demonstrates how the persistence of a strong organizational leader, found in this case by the Canadian Foodgrains Bank, can shape a policy dialogue, build an advocacy agenda, and inspire the trust of stakeholders and the public. The CFGB invested in building a solid evidence base that underscored the inefficiencies of tied food aid and grounded policy recommendations in empirical evidence. The organization also provided NGOs with the evidence needed to justify taking policy positions against tied food aid.
- **Political Buy-In** It is critical to persistently cultivate decision makers in order to enable understanding and build support for policy change. From food aid's earliest days, questions were raised in Canada about the program's utility and

dual purpose as both political stick and development tool. As the CFGB and CFSPG began targeting development practitioners and government policymakers to implement their reform agenda, it became clear that there was mutual agreement around food aid's problems; however, policymakers were reluctant to support such reforms publically for fear of political repercussions. Given the strong connections to domestic agriculture and agribusiness, and public support for this sector, politicians feared losing the support of this constituency Nevertheless, NGOs spent time cultivating policymakers, deliberately providing them with memos and policy positions, sign on letters and personal meetings to build an understanding of the NGOs' position. When the opportunity finally presented itself, as seen below, the groundwork was laid.

- **Policy Window** An impetus for significant policy reform often comes in the form of a set of circumstances through which change seems the only reasonable and right thing to do. In the case of Canada's food aid reforms, the South Asian tsunami of 2004 spotlighted the shortcomings of the country's humanitarian food aid programs: namely, its inability to adequately respond to the crisis. Despite repeated calls for reform by members of the CFSPG before 2004, media coverage of the tsunami and Canada's inability to respond effectively provided the needed external pressure and public exposure to spur action by the government. The circumstances provided the necessary political "cover" for

politicians with the power to change the laws.

In the U.S., progress has been made in several of these areas, yet what may be lacking is a cohesive plan that pulls all of these respective pieces together. The CFGB's leadership was critical in Canada to pulling all the various elements of the reform agenda to fall into place. In the U.S., several organizations have publically criticized food aid's inefficiencies and called for change, but it is CARE that was best positioned to lead, especially given the organization's own stake in food aid resources. CARE was one of the largest users of food aid, however the organization boldly criticized the program's shortcomings and phased out the monetizing of food aid in support of this position.

As with the CFGB, CARE supported research and the building of an evidence base that focused on food aid and monetization's ineffectiveness as a development tool. The organization crafted policy recommendations based on these findings and worked to influence policymakers and other stakeholders. What CARE was not able to do as successfully was to cement the commitment of other organizations to adopt the same policy position and advocate for it. As noted in Chapter 5, the key difference restricting this support seems to be the dependence of many organizations in the U.S. on food aid resources. In Canada, given that CFGB is the only NGO receiving government food aid resources in addition to the World Food Program (WFP), this conflict did not exist.

CARE established in its white paper on food aid[262] a plan to educate and advocate for food aid reform. The organization pushed for specific reforms, including increased LRP and cash resources for food security development projects, to be included within the comprehensive food security framework of the Roadmap to End Global Hunger (hereinafter referred to as "the Roadmap"). However, the Roadmap did not call for an end to commodity based food aid or monetization; rather, the plan sought to reach parity between the use of commodities and LRP in food assistance programming. By doing so, the general understanding was that the need to employ monetization would naturally decline, but this intent to end the practice was not clearly articulated.

Uniting organizations that are in competition with one another around a set of reforms that could possibly reduce the amount of overall resources available is unique to the U.S. scenario. To achieve this, PVOs and NGOs might first need to redefine their use of food aid and should reflect on the process CARE went through in redefining how it would utilize food aid. If more organizations were to take similar positions, ceasing use of food aid commodities and monetization on the basis that it does not meet their objectives, policymakers could not ignore this movement. USAID and USDA depend upon these organizations to implement food aid programs; without

[262] "White Paper on Food Aid Policy." Atlanta: CARE-USA, 2006. Print.

this network, U.S. food assistance efforts would be greatly hampered. In particular, other PVO and NGOs should consider how best to:

- **Meet their Mission** Prior to shifting its own approach to food security, CARE fully reflected on how it used food aid in its development programming and the impact that it had, both positive and negative, on the poor and vulnerable people in the countries it served. The organization also analyzed the potential financial stress that ending monetization would bring. This process led the organization to reassess its priorities and refocus its approach to development, highlighting the dichotomy between monetization and the newly adopted human rights based approach to development.
- **Secure Support from Organizational Leadership** If an organization finds that the use of food aid and monetization does not meet its mission, the organization's leadership should be engaged and brought into internal deliberations. In the case of CARE, the organization's leaders sent a clear message to the staff that they were supportive of the review process and sought their input into the decision making process. CARE's top executives, as well as respected staff experts on food security, were visible throughout the process. In addition, the leadership publically endorsed the organization's policy positions and actively engaged outside stakeholders.
- **Gather Results from the Field** The research of food security experts at CARE

sparked discussions on food aid's overall utility to the organization. This research, as well as data gathered from the organization's field programs, informed and guided an internal review process that resulted in a critical stocktaking of CARE"s food aid and monetization programs. As CARE released its revised position on food aid, the research demonstrated a rigor to its decision making process that should inspire others.

- **Build Consensus Amongst Staff** CARE's leadership spent significant time engaging staff and seeking consensus before committing the group to a final decision. CARE's leadership knew that support from field and programmatic staff was essential to the success of such a dramatic shift in approach that would reverberate throughout the organization.
- **Take Action** CARE augmented its analytical findings with action. By turning down food aid dollars and changing its approach to development, CARE showed confidence in its decisions and dedication to implementing these policy decisions. This signaled to the media and other NGO counterparts the seriousness with which CARE viewed its new policy positions.

Policy Implications

To substantively alter food aid and address the inefficiencies outlined here, there are several key policy changes that need to be made in order to increase cash resources

available for LRP, in part reducing the need for monetization. Food Aid funds, authorized under the Food for Peace Act (P.L. 480), are restricted to purchasing U.S. commodities. As noted in Chapter 2, LRP activities, thus far, have been funded through: a pilot project authorized in the 2008 Farm Bill, through the 2008/2009 bridge supplementals, and the 2009 Omnibus Appropriations bill. However this funding has been relatively small when compared to P.L. 480's appropriated levels, below $75 million in each case. Furthermore, LRP is not authorized through any particular multi-year authorizing legislation, and is therefore vulnerable to each year's appropriation's debate. To stabilize funding and make LRP a predictable and reliable food security tool, P.L. 480 needs to be reformed to allow its funding to be used for LRP, as Canada did in its first rounds of reform, and LRP must be authorized permanently through a distinct legislative vehicle.

Additionally, the lack of clarity surrounding the Cargo Preference Act and its implementation requirements need to be clarified at the same time to allow for the more systematic use of LRP. The Department of Transportation (DOT), USDA, and USAID interpret the Cargo Preference requirements as it pertains to LRP differently, causing uncertainty and disputes. According to the GAO, the "memorandum of understanding (MOU) that outlines the manner in which USAID, USDA, and DOT coordinate the administration of cargo preference requirements was last updated in 1987 and does not

reflect modern transportation practices or the areas of ambiguity related to LRP."[263] In its 2007 report,[264] the GAO found that "cargo preference can increase delivery costs and time frames, with program impacts dependent on the sufficiency of DOT reimbursements." To address these inefficiencies, USAID, USDA, and DOT must minimize the cost impact of cargo preference regulations by "updating implementation and reimbursement methodologies of cargo preference as it applies to U.S. food aid" and resolve the uncertainties regarding the application of cargo preference to LRP.[265]

With these reforms[266], associated positive outcomes could be expected. The impacts of this reform would be valuable to efforts aimed at increasing global food security:

1. **The More Efficient Use of Resources Could Lead to Additional Lives Saved.** According to the Government Accountability Office (GAO), between FY 2002

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263 United States. Government Accountability Office. *International Food Assistance: Local and Regional Procurement Can Enhance the Efficiency of U.S. Food Aid, but Challenges May Constrain Its Implementation*. Washington: GPO, 2009.

264 United States. Government Accountability Office. *U.S.Agencies Face Challenges to Improving the Efficiency and Effectiveness of Food Aid*. Washington: GPO, 2007.

265 GAO, 2009.

266 For a full description of reforms needed to improve the efficiency of food aid and monetization, as well as increase the use of LRP, refer to: Government Accountability Office. *International Food Assistance: Local and Regional Procurement Can Enhance the Efficiency of U.S. Food Aid, but Challenges May Constrain Its Implementation*. Washington: GPO, 2009 and Government Accountability Office. *U.S.Agencies Face Challenges to Improving the Efficiency and Effectiveness of Food Aid*. Washington: GPO, 2007.

and FY2006 the average food aid tonnage decreased by 43 percent as a result of increased transportation and business costs, which accounted for more than 65 percent of total program expenditures.[267] Based on USAID and USDA data, the GAO reports that in fiscal year 2006, if the average coast of food aid had been reduced by just ten dollars per metric ton, "through a reduction in ocean transportation freight rates or any other cost factor…[the 2006] food-aid budget could have funded an additional 43,900 metric tons—enough to feed almost 850,00 people" over a three month peak hungry season.[268] In the years since, record high staple grain costs have stretched food aid program resources even further.

In comparison, the World Food Program (WFP) spent 34 percent less in sub-Saharan Africa and 29 percent less on LRP than the U.S. did on commodity based food aid according to a GAO study comparing relative costs in eight countries on the same foodstuffs.[269] In total, "approximately 95 percent of WFP local procurements in sub-Saharan Africa and 96 percent in Asia cost less than corresponding U.S. in-kind food aid."[270] With such cost savings, the number of

[267] GAO, 2007.
[268] Ibid.
[269] GAO, 2009.
[270] Ibid.

people that U.S. food aid dollars reach would increase significantly.

Additionally, by increasing LRP and reducing the need for commodities, emergency resources will be less vulnerable to theft and corruption. There are numerous instances when pirates off the Somalia coast, for example, have delayed or stolen shipments of food aid intended to feed starving people,[271] hindering the response of humanitarian agencies and donor governments. Corrupt governments have also been accused of stealing food aid commodities or using the international aid as a political weapon, such as Zimbabwe's president Robert Mugabe,[272] once again diverting resources from reaching those most in need. LRP would help reduce, although likely not eliminate, such situations.

2. **Increased LRP in Place of U.S. Commodities for Food Aid Should Result in Healthier People.** LRP can provide food that better meets the dietary needs and preferences of beneficiaries in recipient countries.[273] Additional resources could also be better directed to meet the acute needs of the malnourished. A 2010 study revealed that given the dietary needs of different sectors of the population, two versions of micronutrient fortified blended foods (FBF) would better serve

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[271] "Pirates Hold Up Food Aid to Somalia, Uganda, Kenya." *VOANEWS.ORG*. Voice of America, 9 April 2009. Web. 15 October 2011.

[272] McGreal, Chris. "Mugabe Accused of Using Food as Political Weapon in Zimbabwe." *The Guardian*. Guardian.com.uk. 4 June 2008. Web. 3 November 2011.

[273] GAO, 2009.

children (aged six to 36 months) and the elderly than the one type of FBF currently available.[274] Furthermore, a 2008 study in the journal *Public Health Nutrition* demonstrated that fortified maize resulted in a decrease in anemia in children and a decrease in vitamin A deficiency in adolescents.[275] Micronutrient fortification is available even if food assistance is provided through LRP; this 2008 study based its findings on results from a Zambian refugee camp where the maize was milled and fortified on site in two custom designed mills.[276]

3. **Increased Opportunities for Local, Small Holder Farmers.** The WFP's Purchase for Progress program discussed in Chapter 3 provides an example of the type of linkages LRP can build to local farmers including: increased sales, more predictable revenues, and increased local capacity building to improve post harvest processing and storage. In addition, the uncertain market impacts of monetization, such as discouraging local production and disrupting long term food security planning,[277] would be negated.

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274 Fleige LE, NR Sahyoun, and SP Murphy. "A New Simulation Model Estimates Micronutrient Levels to Include in Fortified Blended Foods Used in Food Aid Programs." *Journal of Nutrition*. 2010 Feb; 140(2):355-6.

275 Seal A, Kafwembe E, Kassim IA, Hong M, Wesley A, Wood J, Abdalla F, van den Briel T. "Maize Meal Fotification is Associated with Improved Vitamin A and Iron Status in Adolescents and Reduced Childhood Anaemia in a Food Aid-Dependent Refugee Population." Public Health Nutrition. 2008 Jul;11(7):720-8.

276 Ibid.

277 United States. Government Accountability Office. *International Food Assistance: Funding*

4. **Food Aid Reform Would Lead to Better Food Security and Poverty Reduction Programming by PVOs and NGOs.** Maxwell and Barrett state in their book, Food Aid After 50 Years, that:

> *NGOs and other operational agencies are clearly doing some excellent and important work in spite of being starved of first-best cash resources. If NGOs can do good things even with poor resources, they could do even better with more flexible resources, even if there was less of it in aggregate in the system.*[278]

PVOs and NGOs have utilized food aid to the best of their abilities over the past 50 years, despite its many shortcomings. Without the limitations the program currently imposes, including a less restrictive resource base and fewer administrative burdens, the impact of development organizations on food security and poverty reduction could be greatly increased. It is impossible to foretell how the work of these organizations would change and anticipate the impacts, but one can assume the outcomes would be positive.

Development Projects through the Purchase, Shipment and Sale of U.S. Commodities is Inefficient and Can Cause Adverse Market Impacts. Washington: GPO, 2011.

[278] Barrett, Christopher and Dan Maxwell. Food Aid After Fifty Years: Recasting Its Role. London: Routledge. 2005. Pg. 247.

Importance of this Research

There is a growing evidence base documenting the inadequacies of current U.S. food aid policy and practice, yet there has been little research into why such an inefficient use of resources has persisted. While researching this topic, I often pondered how the U.S. public would react if they truly understood the food aid dilemma; that is, how would the public respond to knowing that the taxpayer dollars they believe are spent in support of hungry people around the world are largely spent on administrative costs in support of U.S. already heavily subsidized sectors, such as the maritime industry and domestic agriculture. In these tight fiscal times, with budget cuts looming, would the public demand a change in policy?

The policy implications previously enumerated underscore the urgency of this body of research. Ultimately lives will be improved, and even saved, if food aid reform takes root. Despite this, research available on the connections between food aid and PVOs and NGOs is scarce. This dissertation adds to the research base by analyzing the complexities of food aid reform and the lack of motivation by program beneficiaries to advocate for necessary improvements. The research also strives to underscore the critical role of NGOs and PVOs in food aid reform and provides recommendations on how to move the reform agenda forward. More broadly, this dissertation highlights the many factors that need to be considered when proposing policy reform where strong, protective interests are concerned. The methodology could be successfully applied to

other policy areas where private sector interests and the public good are intertwined.

The comparative analysis to Canada's food aid system and reform process provides an analogous example detailing the opportunities and challenges that could be expected in the U.S. Similar analysis could be applied to other contested policy areas where successful models of reform exist in other countries. For example, advocates to end U.S. domestic agricultural subsidies might analyze the European Union reform process to draw out useful conclusions from this example.

In the same way, by studying the motivations and decision-making process of a single actor, or set of actors, within a policy reform debate, lessons can be extrapolated by other players. Even though CARE did not face all the same constraints or possess all the same characteristics of other food aid implementing NGOs, the organization's decision-making process to enact and promote reform may be applicable to other organizations confronting similar issues.

Additionally, conducting online surveys is an effective and easily replicable approach to assessing organizational perspectives on key policy issue areas. The anonymity provided by the online platform allows for a level of forthrightness that might not be achieved through face-to-face interview; organizations may feel free to express dissenting opinions from the mainline position knowing that their responses are unattributed. There are many policy areas where a similarly formatted survey could be utilized to identify trends in policy perspectives; for example, this method could be

useful in assessing the positions of farmers' organizations on agricultural subsidy reforms. The survey could also be administered multiple times over a set period of time to track significant shifts in position.

There are no quick roads to reform. Organizations have worked to educate policymakers including, members of Congress who have the power to reform food aid policy, and civil servants in agencies like the USDA and USAID. Nevertheless, until there is a growing movement pressing for reform, the efforts of just one or two organizations alone are likely to be ignored. By the end of 2010, no such organized effort existed. As this dissertation demonstrates, in order to see positive change, organizations in the U.S. must follow the Canadian example and act more boldly in their efforts to educate the U.S. public and be persistent in their outreach to policymakers on the issue. To do this, clear leadership on the issue from within the NGO and PVO community must be established.

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APPENDIX

Survey of PVOs and NGOs on Food Aid

1. Our organization...

	strongly agree	agree	neither agree nor disagree	disagree	strongly disagree	Response Count
supports U.S. food aid policy- PL 480, Title II/Food for Peace- as it is currently administered.	12.5% (2)	31.3% (5)	**37.5% (6)**	18.8% (3)	0.0% (0)	16

2. Our organization...

	strongly agree	agree	neither agree nor disagree	disagree	strongly disagree	Response Count
believes providing food aid to be a moral obligation.	**56.3% (9)**	25.0% (4)	6.3% (1)	12.5% (2)	0.0% (0)	16

3. Our organization...

	strongly agree	agree	neither agree nor disagree	disagree	strongly disagree	Response Count
supports in-kind donation (commodities) of food aid as the ideal system for combating emergency hunger situations.	12.5% (2)	**43.8% (7)**	25.0% (4)	12.5% (2)	6.3% (1)	16

4. Our organization monetizes food aid.

		Response Percent	Response Count
Yes		31.3%	5
No		**68.8%**	**11**
		Why or why not?	9

1	Because it can be done in a way that fills a gap in a country's food availability needs, can serve as a developmental tool in and of itself, and generates proceeds that would otherwise not be available to fund development projects.
2	Our Food aid is mainly from donated foods or funds for foods. We do use such "Food For Work" Schemes"
3	Absent of other mechanisms, this is the only way to reach people in need.
4	We would monetize if we received an award permitting monetization.
5	I have given neutral answers to the first three questions because I can neither agree nor disagree with how they are phrased. E.g., I do support PL480 but I think it could be improved. I think providing aid is a moral obligation; whether or not it should consist of food depends on context. And in-kind donation can be an effective system for combating emergency hunger, but there are other effective systems out there. It is incumbent upon all aid agencies to analyze which response will be most effective. Re monetization: we do monetize food aid. With billions of people affected by hunger and malnutrition, we will use the resources made available to us by the donor. I have not seen evidence that monetization harms production or markets overseas. However, it is a very inefficient funding mechanism and I hope that it can be reformed, without leading to any reduction on the overall funding available for food security programs.
6	We do not engage in commodity food aid assistance.
7	We don't feel we are a large enough organization at this point.
8	In very controlled circumstances, it can add value and over all benefit to the local populace both by making the program self sustained and promoting civic engagement and awareness. When funds are used to invest in infrastructure, then longer termed outcomes can also be anticipated.
9	It is an opportunity to releive the country from having to spend the foreign exchange while at the same time allows the NGO to use the monetization proceeds in the pursuit of economic development activities that will may ultimately help spur/promote economic development.

5. Our organization...

	Yes	No	Response Count
uses Title II funding to carry out agricultural development programs.	31.3% (5)	**68.8% (11)**	16
carries out agricultural development projects with other funding streams.	**73.3% (11)**	26.7% (4)	15

	Please comment	4
1	Agricultural Training is a big part of CMA Programs and work	
2	Building agricultural productivity and markets is a central element in sustainably improving food security, and is a component of many of our Title II programs (as well as programs funded by other donors). An advantage to food aid programming is that it allows us an opportunity to work with smallholder farmers who otherwise would be so busy getting sufficient food for their families that they would not be able to participate in training, experiment with new farming methods, etc. But what do we do with that opportunity? If we can provide people the tools to produce more food for both consumption and sale, then the community will be more food secure even after our program is over.	
3	Much to competitve process. It seems only the larger organizations can participate in Title II funding.	
4	1) 6 month children's feeding programs with mixture of fortified dried food and local products. 2) direct shipment and distribution of fortified dried food mixture. 3) purchase and distribute local foods to select groups.	

6. What percentage of your organization's total budget is derived from PL 480 funding?

	Response Percent	Response Count
0%	**43.8%**	**7**
<10%	18.8%	3
10-30%	25.0%	4
30-50%	6.3%	1
50-75%	6.3%	1
75-90%	0.0%	0
>90%	0.0%	0

7. Our organization participates in coalitions or alliances with other organizations that advocate for food aid programs.

	Response Percent	Response Count
Yes	**68.8%**	**11**
No	31.3%	5
If so, with which coalitions or alliances?		7

Open ended responses not publically available to protect anonymity.

8. Our organization participates in coalitions or alliances with the private sector that advocate for food aid programs.

	Response Percent	Response Count
Yes	33.3%	5
No	**66.7%**	**10**
If so, with which coalitions or alliances?		4

9. Our organization would utilize cash for local and regional purchase of emergency food assistance or cash vouchers if viable options.

	Response Percent	Response Count
Yes	**81.3%**	**13**
No	18.8%	3
Why or why not?		8

1	In some cases, it is more efficient.
2	Currently do not work with food aid.
3	We would use whatever means are made available.

4	Absolutely. If there is sufficient food in local markets, then cash transfers are an effective way to improve food access -- it is quick, supports local producers and strengthens the market. Vouchers can be effective to ensure that resources are specifically spent on food. Local/regional procurement is a good method when there is inadequate availability of food in targeted communities and a surplus nearby; through LRP we can get food to the needy households far more quickly that shipping from the US would allow. In other cases, where time is not a factor, traditional US-sourced food aid can be effective. There is no single tool that is effective against hunger in all contexts -- the causes of hunger differ from country to country, sometimes community to community. It is helpful when Food for Peace makes a variety of tools available to us to respond. As a humanitarian agency, we then need to do an assessment to figure out which method will be most effective in increasing food security.
5	We recognize that emergency food assistance may be required in certain circumstances.
6	We have have found that in certain countries food supply is adequate and can get food assistance much quicker.
7	Anytime we can promote local participation and long term business, we want to. However, considerations must be made for not manipulating the market to build for crisis level engagement. If any provider out-builds during a crisis without consideration of the projected future needs, it can do more harm (i.e. making a larger food production plant for a region serving short term refugees, which will no longer have a sustainable market once the crisis is abated).
8	1) foods are more recognizable to local population. 2) helps local market at same time. 3) Still like to suppliment with other sources that may help complete nutritional value.

10. Our organization...

	strongly agree	agree	neither agree nor disagree	disagree	strongly disagree	Response Count
supports increased use of local and regional purchase of emergency food aid when and where applicable.	37.5% (6)	**56.3% (9)**	6.3% (1)	0.0% (0)	0.0% (0)	16

11. Our organization...

	strongly agree	agree	neither agree nor disagree	disagree	strongly disagree	Response Count
supports a portion of the annual Title II food aid budget be directed as cash for local and regional purchase of food aid,vouchers, and other options.	31.3% (5)	**50.0% (8)**	6.3% (1)	6.3% (1)	6.3% (1)	16

12. Our organization...

	strongly agree	agree	neither agree nor disagree	disagree	strongly disagree	Response Count
supports funding local and regional purchase and voucher programs in addition to current Title II food aid programs and funding.	25.0% (4)	**50.0% (8)**	25.0% (4)	0.0% (0)	0.0% (0)	16
					Why or why not?	5

1	More efficient, better use of tax payer dolars, gets humanitarian and development practitioners out of the commodity marketing business.
2	Local procurement is worth pursuing, BTU any money for local purchase has to be in addition to the money for 'traditional' programs. Agriculture and Maritime industry and are the biggest lobbies for TII funding. If you cut their interests, the budget will have no domestic support. Eventually, the TII budget will shrink. Furthermore, Eisenhower's original legislation for Food for Peace made it clear that this program was to benefit the domestic economy - why pretend otherwise?
3	For the first time in human history, there are estimates that more than a billion people are living in hunger. Hunger is a pressing ethical issue, but it is an economic, diplomatic and security issue too. More resources should be made available -- LRP and cash transfer programs should be funded in addition to traditional Title II food aid. With current resources, we cannot adequately respond to the need.
4	See above
5	as stated above.

13. Our organization...

	strongly agree	agree	neither agree nor disagree	disagree	strongly disagree	Response Count
believes that monetizing food aid can negatively affect some local markets and be potentially harmful to local farmers.	0.0% (0)	**56.3% (9)**	25.0% (4)	18.8% (3)	0.0% (0)	16

1	if market analysis is not done accurately or the sales methodology is flawed.
2	Monetizing food aid would need to be done on a country-by-country basis depending on the local context, and in consultation with local stakeholders - gov't ministries, commercial food producers, farmers, etc.
3	All aid can have negative affects. Local purchase can also disrupts local markets (e.g. WFP purchasing practices promote unsustainable local markets and pricing)
4	Can monetization negatively affect markets and farmers? Of course it can, in the same way that building a latrine next to a water source can have terrible health effects. However, risk can be averted by careful planning and implementation. I have seen no evidence (and I've looked for it) that monetization in and of itself is harmful -- that is, that these activities, even when well designed, are inherently destructive. If anyone has evidence to show that, I recommend they publish it and make it available to the humanitarian community. Thus, we continue to monetize (just as we continue to do water and sanitation projects) -- with careful preparation, attentive implementation and stringent monitoring. Having said all this, I find monetization an inefficient process. Often half the value of the US commitment (food purchase and transport) has been lost by the time agencies get funding for their programs. Therefore: as a humanitarian, I'm fine with monetization. As a taxpayer, I'm upset.
5	There are obvious times in everything from food relief to providing mosquito nets when an over saturation of supply damages local markets ability to compete. In weak economies, such a circumstance can ruin local markets, close businesses, and damage a communities ability to be self sustained in the long term. It is important to ensure that the strategies of any monetization program carefully weighs the effects of aid on the local community we hope to serve.
6	Monetizing can have both beneficial and harmful effects locally depending on how the market is utilized or monopolized.

16. Our organization provides other humanitarian and emergency relief programs

	Response Percent	Response Count
Yes	81.3%	13
No	18.8%	3
If so, what kinds?		11

1	More cash, protecting and increasing the use of food aid for non-emergency programs.
2	More flexibility in food aid programs, more capacity to address hunger. Grassroots, grasstops and direct advocacy.
3	Grassroots communication to our constituencies. No direct lobbying.
4	direct lobbying to decrease bureaucracy and outdated requirements (e.g. reporting, indicators) of Food for Peace programs. These were changes to improve USAID's internal efficiency - not level of funding for NGOs.
5	See the "Roadmap to End Global Hunger" for a good summary of our positions. Both grassroots and working directly with representatives.
6	Grassroots support for food security/food sovereignty initiatives.
7	Through direct lobbying with my Senator's and Congressman. We have tried to get more money allocated to the IFRP and so more smaller organizations can participate.

17. Our organization has advocated for changes to U.S. food aid programs, past or present.

	Response Percent	Response Count
Yes	43.8%	7
No	**56.3%**	**9**
What types of changes? What types of advocacy efforts- Grassroots, direct lobbying?		7

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18. Organizational leadership...

	strongly agree	agree	neither agree nor disagree	disagree	strongly disagree	Response Count
supports increased local and regional purchase of emergency food assistance.	18.8% (3)	**43.8% (7)**	37.5% (6)	0.0% (0)	0.0% (0)	16
					Why or why not?	3

1	More food is needed around the world and this is another viable method for the US to deliver.
2	LRP and cash transfer are effective methods of responding to global hunger, and far more timely a way of responding to emergencies.
3	When done right, it multiplies the overall positive effect on the communities we serve.

19. Are there internal pressures- such as budgetary restraints, partners, etc- that affect the position taken on food aid?

		Response Percent	Response Count
Yes		25.0%	4
No		**75.0%**	**12**
	If so, what are they?		2

1	Food aid personnel help company with other programs. If food aid funding was cut, company would probably not fold, but it is possible.
2	Our mandate is to serve communities in need, and we wish to do so as efficiently as possible. We will continue to practice monetization -- prudently and responsibly -- as long as that is one of the funding sources made available to us. We welcome the day that similar or greater resources are made available through more efficient means. Organizational leadership is very clear that one of our goals is to advocate for the most effective donor mechanisms. I've been in my current position for years, and have never heard anyone in senior leadership suggest we compromise good development practice in order to win a proposal.

20. Does your organization's Board of Directors and leadership have a vision for food aid in 2 years? 5 years? 10 years?

	Response Count
	15

1	To continue to support non-emergency food aid programs, Have our organization continue to be a leader in the proper use of food aid.
2	Yes We do
3	yes
4	no
5	I don't think so.
6	only in partnership with SFL
7	No
8	Leadership believes money should be added for both commodity based and local procurement in the next 2 years. Our company should engage in local procurement within 2 years under pilot program. Our company has capacity to serve as expert for local procurement in a specific region now. Board has no vision for food aid.
9	Our vision is a less hungry world -- for communities and households to be able to access the food to keep them healthy and productive. We work backwards from that vision to the mechanisms to get there, such as food aid. In the future, we would like to see increased investment by the US government in reducing world hunger -- both in terms of funding made available, and the flexibility we have to use that funding. LRP and cash transfers would be excellent additions to Title II programming. Food aid programs should also be linked with development -- agricultural livelihoods, health and nutrition, water and sanitation, natural resource management and safety nets -- so that, at the end of the food aid program, communities don't need to have external resources sent in to keep them food secure. I support the phasing out of monetization, not because it causes any harm, but because it does not allow the full value of funding to reach communities in need.
10	Need to eliminate commodity-based food aid as development assistance, except in cases of short-term emergency relief.
11	Yes, We are researching the possibility of providing developmental projects to help increase food supplies.
12	Yes.
13	not that I am aware of.
14	No, only limited experience based on few staff that work internationally on a part time basis.
15	5 years

CURRICULUM VITAE

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Mutone-Smith is currently Director of Global Trade & Agriculture Policy at Women Thrive Worldwide. Among her previous work, she was Senior Policy Analyst focused on food security policy at Bread for the World and Program Officer for the *Farmer to Farmer* at Partners of the Americas. Mutone-Smith co-chairs the InterAction Food Security and Agriculture Working Group and chairs Women Thrive's Gender and Agriculture Working Group.