World Development Vol. 49, pp. 1–8, 2013

0305-750X/$ - see front matter

ELSEVIER
www.elsevier.com/locate/worlddev

http://dx.doi.org/10.1016/j.worlddev.2013.01.016

On The Choice and Impacts of Innovative International Food Assistance Instruments

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Summary. — The rise of new food assistance instruments, including local and regional procurement, cash, and vouchers, has surpassed increase in understanding of the tradeoffs among and impacts of these options relative to traditional food aid. Response choices rarely appear to result from systematic response analyses. Further, impacts along multiple dimensions—timeliness, cost-effectiveness, local market effects, recipient satisfaction, food quality, impact on smallholder suppliers, etc.—may be competing or synergistic. No single food assistance tool is always and everywhere preferable. A growing body of evidence, including the papers in this special section, nonetheless demonstrates the clear value-added of new food assistance instruments.

Key words — disaster relief, emergency response, food insecurity, food assistance, response analysis

1. INTRODUCTION

International food assistance has undergone transformative change over the past decade. From the end of World War II through the mid-1990s, international food assistance almost exclusively took the form of food aid shipments from North America and Europe of surplus commodities generated by donor country domestic farm programs. But radical overhaul of production-and-price-based farm programs in major donor countries in the 1990s largely ended the government-held surpluses that fed large-scale food aid programs. Meanwhile, steady growth in the number of persons worldwide affected by disasters each year fueled growing demand for humanitarian food assistance. In 2000, emergency deliveries accounted for a majority of food aid flows for the first time in history (Barrett, Binder, & Steets, 2011a). The government-to-government non-emergency program food aid shipments that had comprised the overwhelming majority of global food aid flows for decades until the mid-1990s had effectively ended by 2006. Meanwhile, the increased integration of even relatively remote markets into national and global commercial networks opened up tantalizing new possibilities for satisfying those emergency demands through market channels, thereby obviating the need for long donor-directed relief supply chains. These structural changes combined with growing frustration with conventional government-to-government program food aid deliveries contributed to food aid policy reforms in Europe (EC, 1996), renewed research and activism around food aid programing (Barrett & Maxwell, 2005; Clay & Benson, 1990), and increased efforts at donor coordination around international food assistance (Barrett et al., 2011a, 2011b).

The December 2004 Indian Ocean tsunami laid bare the implications of these changes and triggered the subsequent transformation of the international food assistance regime. That high-visibility disaster required rapid, large-scale assistance to populations that mainly eat rice—a commodity with scant domestic surpluses from North Atlantic food aid donors—and who maintained easy access to commercial food distribution systems but whose livelihoods had been destroyed by nature. Because the holiday-time disaster elicited unprecedented cash donations, operational agencies had flexibility in how to respond; they were not limited to the commodities available through longstanding food aid channels. Successful, large-scale post-tsunami experimentation with cash and voucher distribution and with local and regional procurement

* We thank members of the Local and Regional Procurement Learning Alliance (Catholic Relief Services, Land O'Lakes, Mercy Corps, and World Vision), USAID, USDA, and WFP for their cooperation and insights to the broader project that spawned this special issue. Without their invaluable assistance, this paper would not have been possible. We also thank Jenny Aker, Charlotte Ambrozek, Mary Arends-Kuenning, Mesfin Bezuneh, Jennifer Clapp, Dan Clay, Edward Clay, Marc Cohen, Oliver Coomes, Ken Davies, Paul Dorosh, Oliver Gao, Ugo Gentilini, Paul Harvey, Cynthia Mathys, Megan McGlinchy, Simone Passarelli, Barry Riley, Bhavani Shankar, Dave Tschirley, Kira Villa, Alex Winter-Nelson, the authors of the other papers in this special section, and attendees at the FAO's January 2012 International Scientific Symposium on Food and Nutrition Security Information for helpful comments on earlier drafts of papers in this collection of papers. Any remaining errors are the authors' alone.

(LRP) of food aid commodities reinforced enthusiasm for recent policy changes in Europe that had encouraged more cash-based food assistance programming in place of more traditional, in-kind food aid. Those and subsequent experiences, however, underscored some of the hazards of relying excessively on cash-based programing such as challenges in contract enforcement in immature markets, the potential for inflationary pressures and distorted trader behavior, among others. (Harvey, 2005; Upton & Lentz, 2011).

Within just a few short years following the tsunami, Canadian food aid policy went through a radical change in the direction of now-accelerated change in European food assistance toward cash, vouchers, and LRP. With the lessons of the Indian Ocean tsunami reinforced by the global cereals price spike of 2007–2008, even the United States (US), the world's largest food aid donor, began tentative experimentation with cash, vouchers, and LRP. The 2008 Farm Bill reauthorization of US food aid programs introduced an Local and Regional Procurement Pilot Program (LRPPP) and very soon thereafter the United States Agency for International Development (USAID) secured international disaster assistance funding, now formalized in the Emergency Food Security Program (EFSP), with which to finance cash and voucher transfers as well as local and regional procurement (LRP). And in April 2012, after many years' false starts, the renegotiation of the 1999 Food Aid Convention was completed with the treaty tellingly renamed the Food Assistance Convention (FAC), affirming the donor community's commitment "to provide food assistance that improves access to, and consumption of, adequate, safe and nutritious food." Unlike all prior FACs, which had explicit tonnage-based commitments declared at the time of signing (Barrett & Maxwell, 2006; Hoddinott, Cohen, & Barrett, 2008), the renegotiated FAC emphasizes flexibility, letting donors determine, revise, and announce minimum commitments and the form of those commitments (cash and/or food) on an ongoing basis.

The upshot of these various changes has been nothing short of a radical remaking of international food assistance in the matter of just a decade or so. In-kind food aid volumes fell precipitously from 1999 to 2010 by nearly two-thirds (15.0 to 5.5 million metric tons, MMT [1]), as donors converted to cash-based assistance for which no comprehensive accounting is available. The global food price crises of 2008 and 2011 highlighted the continued—even heightened—importance of effective international food assistance programs to address food emergencies. With donor budgets tight, food prices high, and global food aid volumes at modern historical lows, policymakers face unprecedented pressure to make efficient use of scarce international food assistance resources. Likewise, time is of the essence in emergency response, both for saving lives and livelihoods and for keeping costs under control. Meanwhile, long-term solutions to food insecurity require stimulating agricultural development and avoiding market disruptions that may impede such development, so food assistance programs have to take care not to compromise long-term food security goals in meeting short-term humanitarian needs.

One of the most notable results of these changes is the rise of innovative international food assistance instruments, most prominently local and regional procurement (LRP)—the purchase of food within the country where it is to be distributed or in a nearby country—and the use of cash and voucher transfers in place of direct distribution of food aid commodities. A series of policy changes in the European Union (EU), Canada, and most recently the US pushed LRP's share of global food aid from just 11 percent of global food aid flows in 1999 to 39 percent by 2008, 50 percent in 2009 and 67 percent by 2010, according to United Nations World Food Programme (WFP) INTERFAIS data. In fact, with the launch of the LRPPP and EFSP, over the course of three years, the US went from supporting effectively no LRP to being the world's largest LRP donor. Where humanitarian response agencies previously had really only a single tool—in-kind food aid commodities—with which to address food emergencies, today the international food assistance toolbox has expanded dramatically.

The expanded toolbox poses challenges of its own. The emergence of new food assistance instruments has also necessitated the development of new analytical tools—broadly known as "response analysis"—to help donor and implementing agencies identify contextually-appropriate instruments for a given food insecurity episode. As Maxwell, Parker, and Stobaugh (2013), Ryckembusch et al. (2013) and Binder (2011) discuss, a plethora of tools have been developed to address different questions related to the optimal choice of transfer mode, each tailored to different contexts, constraints, and objectives. The rapidly expanded toolbox can sometimes prove daunting for non-specialist field staff suddenly confronted with new choices and associated analyses.

Donors and practitioners increasingly prefer these innovative international food assistance instruments over traditional, transoceanic (or "in-kind") food aid for a variety of reasons. Different proponents champion LRP, cash, and vouchers as being able to outperform in-kind food aid on any of several multiple metrics. Some evidence has shown LRP to be generally faster and/or less expensive than transoceanic deliveries (Clay & Benson, 1990; Coulter, Walker, & Hodges, 2007; Haggblade & Tschirley, 2007; Hanrahan, 2010; Harvey, 2005; OECD, 2005; Tschirley & del Castillo, 2007; USGAO, 2009; USDA, 2009; WFP, 2006, 2010). Further, some agencies argue that procuring food locally can bolster local marketing channels, support farmers, and improve food quality and safety (WFP, 2011a). Also, recipients may prefer locally procured foods, which may be more nutritious (Harvey, 2005; USGAO, 2009).

To be sure, cautions have been raised about LRP, cash, and vouchers. Agency or recipient purchases of (or redemption of vouchers for) food where local markets cannot respond to increased demand could drive up prices or increase price volatility, harming those who are not transfer recipients (Barrett & Maxwell, 2005). Indeed, in the spring of 2012, the Famine Early Warning Systems Network (FEWSNET) warned that local and regional procurement of cereals "should proceed cautiously" in the Sahel, due to faster than expected rising food prices (2012, p. 1). Food safety and quality standards are highly variable across countries and there are concerns that local foods could be of unsafe or low quality (USGAO, 2009). Fortified or specialized foods may not be available for purchase (Ryckembusch et al., 2013). Concerns exist about operational agencies' ability to depend on contracting for LRP in developing country food markets where default and quality rejection rates on commercial contracts are routinely high (Barrett et al., 2012; WFP, 2011a). Others are concerned that unrestricted vouchers and cash could be spent on non-food items (Harvey, 2005; Upton & Lentz, 2011). And, a range of insiders express concern about diverting scarce funds and managerial attention from the immediate task of saving lives and livelihoods among those experiencing food emergencies toward typically-better-off net food sellers under LRP activities. But the rapid expansion in new food assistance choices underscores the widespread belief that cash, vouchers, and LRP are routinely "better" than in-kind food aid, a belief that seems to have become almost dogma in some circles.