Food for Thought: A Comprehensive Overhaul of American Food Aid Policy

Catherine Mencher

cmencher@gmail.com
404-275-4735
The University of Georgia

EXECUTIVE SUMMARY
This paper outlines the necessary response of the United States’ food aid programs to a rapid increase in worldwide food insecurity. U.S. food aid is implemented through two agencies, a host of organizations, and six different programs. U.S. programs provide nearly two-thirds of world food aid donations but, due to inefficient appropriation, spend up to 60 percent of their budget domestically (Maxwell and Barrett 2005, 12). Currently, hunger kills more people annually than AIDS, malaria and tuberculosis combined (International Medical Corps). Maintaining a status quo approach to food aid could skyrocket death rates and undermine nations’ stability. In 2008 worldwide food prices increased by 43 percent. Although prices have since dropped, a lack of adequate planning may unleash an even more severe crisis. Without a sufficient response to the millions of hungry, death rates will skyrocket and global instability will rise (Polgreen 2009).

To reduce potential threats to U.S. national security, U.S. food aid should be reformed. Food aid policy must emphasize agricultural development in the Least Developed Countries (LDCs)\(^1\) and eliminate the three emergency food aid requirements that swell food aid costs by 40 percent (Maxwell and Barrett 2005, 39). Additionally, the creation of a food security database will improve communication among food aid's numerous stakeholders, building a cohesive approach to food insecurity.

\(^1\) Those countries that, according to the United Nations, are low-income, weak in human resources and economically vulnerable (www.un.org/issues/m-ldc.html)
The United States has much to gain from increasing food aid programs’ effectiveness. In the short-term, increased food aid efficiency frees American dollars for re-appropriation. In the long-term, keeping poor populations fed increases their productivity in working and learning, building self-reliance and eliminating the necessity of future American aid. Additionally, by helping developing nations avoid food crises, the U.S. enhances their stability, lessening the necessity of future U.S. intervention.

BACKGROUND

The United States ventured into foreign food aid with the Agricultural Trade Development and Assistance Act of 1954 which delegated foreign food aid to three Public Law 480 (PL 480) titles and a Section 416(b) program. At the time American farm production was soaring and surplus food was costly to store. The United States government sought to develop overseas markets for agricultural surplus and to use food aid to enhance American influence during the Cold War. The United States Agency for International Development (USAID)’s Office of Food for Peace controls the PL 480, Title II program, which donates U.S. agricultural commodities for emergency food needs, and PL 480, Title III, a rarely used donation program for the governments of

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2 See Appendix One for a summary of institutions and programs with their acronyms.

3 See Appendix Two for a summary of current food aid programs
developing countries (Maxwell and Barrett 2005, 21, 36). The PL 480, Title I program overseen by the United States Department of Agriculture (USDA) offers long-term loans for developing countries to purchase American agricultural surpluses (?). Section 416(b) allows the USDA to purchase food for international donation. USDA also requests appropriations for the Bill Emerson Humanitarian Trust (BEHT), Food for Progress (FFP) programs, and the McGovern-Dole Food for Education Program. Conceived in 1980, the BEHT holds up to four million metric tons of grain earmarked for emergency food needs when commodities are not available under PL 480, Title II.

After 1985 the majority of food aid spending went towards Food for Progress programs. These programs donate commodities after recipient governments pledge to emphasize agricultural development and market competition. This commitment to growth displays food aid’s changing role from an instrument focused solely on surplus disposal to a tool for rewarding those governments complying with American interests. Created in 2002, the McGovern-Dole Program donates American food to school-feeding and child nutrition programs. This program increases school turnout rates while nourishing young students. Unfortunately, by ignoring domestic production, it further entangles the LDC’s development with U.S. surplus disposal (Maxwell and Barrett 2005, 20-25).

Shipped quantities of U.S. food aid have decreased over the last nine years for two reasons. First, due to increasing shipping costs and commodity prices, worldwide food prices rose 43 percent in 2008 alone. Because of fixed appropriations, the amount
of food the U.S. sends overseas fell 52 percent between 2001 and 2006 (Salzman 2008). Additionally, George W. Bush stated in 2002 that food aid’s “humanitarian purpose is being eroded by other uses having little to do with food” (Maxwell and Barrett 2005). The former president emphasized increases in recipient country’s agricultural production as a means for reducing hunger.

However, the U.S. has not sufficiently funded promising alternatives to counter the drop of American-made food aid. Since 2005 the U.S. government has emphasized agricultural investment and infrastructure funding for 39 countries through the Millennium Challenge Corporation (MCC) and within USAID and, for six nations, through the Presidential Initiative to End Hunger in Africa or IEHA (Millennium Challenge Corporation). Although these programs provide the tools to help developing nations become agriculturally self-reliant, they are seriously under-funded. In 2008 the Senate Appropriations Committee cut the funding for the MCC by 86 percent (Curt 2008).

Recently the specter of energy instability has directed a large number of grain crops from food to energy production. In the next 15 to 20 years, the number of crop starved countries is expected to more than double. This increase in scarcity will “heighten tensions between states competing for limited resources” (National Intelligence Council). To minimize the potential necessity of U.S. military interventions, U.S. food aid efficiency must be increased. In light of both worldwide hunger’s glaring
consequences and the necessity in today’s economic downturn to limit government spending, U.S. food aid policy must change its approach and address worldwide hunger head on.

PROPOSAL

The U.S. Congress should pass legislation eliminating the three inefficient requirements of delivered American food aid:

**Seventy-five percent of donated food must be shipped on privately owned, registered U.S. flag ships.** This requirement from the 1985 Farm Bill must be revoked. Food shipping should be awarded on a competitive bidding process, with no restrictions on shipping companies’ countries of origin.

**Food donations must be domestically produced.** Changing this policy will result in the purchase of the most cost-effective emergency food aid. Before approving any non-emergency funds, agents must ensure that purchases are from the most cost-effective vendor or non-governmental organization (NGO). This new requirement evaluates includes the transportation costs required for product shipping.

**Fifty percent of shipped commodities must be goods that are processed and packaged in the U.S (Africa News).** This requirement should be completely eliminated; no percentage of donated commodities must require domestic processing or packaging.
The second aspect of food aid reform is to create a food security database accessible to NGOs, private voluntary organizations (PVOs), the United Nations World Food Program (WFP), the United Nations Emergency Assessment Team, and representatives from the Millennium Challenge Corporation, the Initiative to End Hunger in Africa, and the Office of Agriculture. A password provided to these groups will restrict access to database information. Access to database information will be restricted by a password provided to these groups, but applications for requesting food or becoming a food program provider will be available to any site visitor. USAID’s on-ground offices will ensure goods’ quality by implementing the World Food Programme’s existing evaluation system. If accepted, providers must post consistent updates on their projects and budgets as well as proof of holding a USAID quality control training session for farmers. The database will have complete information about organizing these sessions. When food donations are needed, a USAID committee will determine the most cost-effective bidder using case-to-case comparison of local goods and international products.

USDA and USAID currently have separate online databases; combining them eliminates the inefficient duality (ExpectMore.gov). Adding additional members allows for cohesion between USAID and USDA programs, the ongoing projects in countries with MCC or IEHA funding, and the Office of Agriculture research. This database will establish multilateral goals and allow for cooperation among the many food-procuring and food-requesting parties.
**BENEFITS**

Many developing nations face major environmental challenges. For example, African farmers deal with desertification, erratic weather patterns, and poor soil quality. Biotechnological research into weather resistant crops has the potential to dramatically increase these farmers’ potential. Adjusted for inflation, USAID agricultural science funding dropped 75 percent between 1980 and 2004 (Scientific American 2008). This decrease significantly impacted growth in agricultural productivity. Between the 1960’s and 1980’s, cereal crop yields increased by three to six percent a year. Currently, the annual growth rate in crop yields has dropped by a third (The Economist 2008).

USAID’s Office of Agriculture oversees a number of research partnerships into developing productive crops. Bringing a representative of the Office of Agriculture into the database will coordinate the government’s role in research with food aid actions. As their agricultural production increases, developing nations will become more self-reliant, requiring fewer foreign food donations.

Investing in agricultural productivity eliminates countries’ risk of falling into a “relief trap.” Additionally, food price increases “for the poorest one billion… mean stark choices between taking a sick child to a clinic, paying school fees, or putting food on the table” (Fore 2008). Providing money to local farmers allows LDC residents to purchase additional health care and education for their families, requiring less foreign aid.
in the future. A population that is free from hunger will be healthier, experience decreased child mortality rates, and work and learn more productively. Curbing hunger is a requirement for increasing human capital. Without human capital building investments, leaders’ legitimacy and countries’ stability is often challenged.

In the past year riots protesting high food prices broke out in thirty nations with often lethal consequences. For instance, 24 died in Cameroon riots, and in Haiti hungry protestors forced the prime minister to resign. Many leaders agree that food shortages are a viable threat. According to a Cote d’Ivoire leader, “It’s an explosive situation and threatens political stability” (xyz qtd. In The Economist 2008). Maintaining countries’ stability is important not only for the benefit of their populations but also for American security. In unstable countries power vacuums allow terrorism and extremist behavior to spread among disillusioned youth, posing significant security threats to the U.S. In African countries like Sudan, where peacekeepers are struggling to stabilize conflict in Darfur between various regional forces, the nation’s instability has often been equated to a struggle for resources like food. In politically unstable regions like Darfur, well-targeted policies can use fewer dollars to increase the population’s benefits. These changes will help keep the future population fed and reduce the probability that they reject the legitimacy of their government.

Even in America’s current economic downturn, the consequences for international stability of cutting the food aid budget are too severe. Implementing competitive
bidding, purchasing from the most cost-effective local or regional producer, and eliminating the processing requirement saves American dollars, freeing them for other purposes. Because shipments on U.S. flag carrying ships cost 80 percent more than those on non-U.S. registered ships, purchasing one dollar of in-kind food aid requires an estimated two taxpayer dollars (National Intelligence Council). In the Food for Peace budget, shipping, logistical, and administrative costs consume two-thirds of appropriations (Bjerga 2008). Implementing competitive shipping saves an estimated 300 million in taxpayer dollars.

Currently, the USDA Food for Progress (FFP) program seeks bids from PVOS, foreign governments, and the WFP every July and selects the winning proposals by the following January (USDA). It can take up to six months for American in-kind food aid to reach its destination. Aid is often delivered too late (Salzman 2008). The requirement that food be purchased in a cost effective manner allows for local or regional purchases, providing for more timely food aid donations. For populations teetering on the edge of complete deprivation, faster food deliveries means more lives saved. Eliminating the requirement that food aid be comprised largely of packaged foods will provide populations with more nutritious and culturally appropriate commodities. Also, processed food is more bulky bulkier than commodities like corn or rice, so shipping less of it decreases costs (Africa News).
CASE STUDIES

Two American programs display the potential of emphasizing supporting agricultural investment. The Millennium Challenge Corporation has been the U.S. government’s test program for exclusively funding agricultural and infrastructure-related investment. Since its inception, the MCC has provided infrastructure investment to 39 developing countries (Africom News). The results of these efforts are encouraging. In Ghana, the MCC invested $241.5 billion in farmer training, irrigation development, and the rehabilitation of secondary roads. The project expects should to increase staple crop production by 11 percent and the production of high-value crops like pineapple by 50 percent. Mali also shows encouraging progress, with an irrigation investment that will result in rice yields among the highest in Africa (Millennium Challenge Corporation).

The Initiative to End Hunger in Africa provides Ghana, Kenya, Mali, Mozambique, Uganda, and Zambia with a number of agriculture-related investments. For instance, the IEHA forms partnerships between U.S. universities and African researchers to determine fertilizers, seeds, and crop varieties best suited for African conditions. This initiative has reached over nine million rural individuals and increased trade of some items by 57 percent in East Africa. Significantly, these programs have already reduced the nation’s need for food aid (USAID). By bringing IEHA, MCC, and Office of Agriculture representatives into the database, there will be enhanced dialogue on government methods for increasing agriculture productivity and infrastructure.
NGOs have stepped in to fill the inefficiencies of American food aid programs in nations like Haiti, a country with so much food insecurity that mothers often have to choose which of their children to feed. According to Patricia Wolff, the creator of the nonprofit group Meds & Food for Kids, NGOs are the only viable solution. “You can’t count on big aid agencies showing up to save everybody…Not everybody can do it, and when they do it, it’s not soon enough and not long enough” (CNN). Her group employs Haitian farmers to both grow the ingredients for and make an energy dense peanut butter food; this product is designed to give Haitian children enough nutrients to survive childhood (CNN). Using the analogy of the fisherman expression, she compares United States food aid programs to throwing fish into the crowd and her program to teaching the crowd how to fish. Under the new food aid proposal, if an NGO like Wolff’s had the most cost-effective method of producing goods for Haiti, she would receive a bid to provide a portion of Haiti’s, or the region’s, needed food. She would then be able to increase production and hire additional farmers.

One example United States food aid programs could replicate emulateis the UNWFP’s decreased usage of surplus commodities in food aid projects. The WFP has already implemented this policy's proposal of purchasing the most cost-effective locally or regionally produced food. In 2006 the WFP purchased 50 percent of its donated commodities from the least developed countries. By 2008, 80 percent of commodities were purchased from the 25 UN classified Least Developed Countries. One
specific WFP initiative, Purchase for Progress (P4P), models the type of NGO programming U.S. food policy should support. P4P emphasizes purchasing food from low-income farmers to feed hungry people in the same country. Exemplifying the cooperation this proposal seeks in U.S. food policy, P4P matches farmers with agricultural productivity specialists. This program, started in 2008, plans to purchase 40,000 tons of food and feed 250,000 people (World Food Programme).

CHALLENGES

Recent history suggests this policy’s requirement of purchasing least low cost food may be difficult to implement. In 2008 former President Bush urged Congress to allow 25 percent of the food aid budget to go towards purchasing other countries’ commodities (Salzman 2008). The 2008 USDA budget also proposed giving USAID administrators this flexibility (USDA). However, Congress ignored these proposals in the 2008 Farm Bill and passed a bill with no changes to food aid’s status quo. The chairman of the House Agricultural Committee Colin Peterson states that “the support is not there in Congress” to overhaul the food aid system (Bjerga 2008). To overcome Congressional hesitation, the American public must recognize the taxpayer dollars saved and the enhanced opportunities to the world’s most neediest that result from eliminating domestic shipping and producing requirements. Once the public understands the
increased productivity their dollars can have, they can push Congress towards passing this proposal of decreased costs and increased results.

Traditional opponents to food aid policy changes are maritime and agricultural interests. In the past twenty years, the maritime lobby has expanded the share of food aid donations requiring U.S. registered ship transportation. However, 74 percent of American owned shipping fleets are not U.S. registered. So, food aid payments affect only a handful of U.S. shipping lines and sailors (Maxwell and Barrett 2005). Although requiring almost 40 percent of food aid appropriations, these subsidies provide an insignificant amount of maritime profits. U.S. registered ships are not dependent on food aid payments for their existence, and eliminating their subsidies benefits the whole American economy by making food aid money go further. To gain support for the elimination of this requirement, the many American owned, but not registered, fleets should be organized. This larger maritime group serves to benefit from competitive bidding and could help lobby for eliminating the requirement of 75 percent of donated goods shipped on U.S. registered boats.

Since the creation of U.S. food aid programs, agricultural lobbies have fought for the inclusion of various commodities in food aid donations. The farm lobby will challenge policies that purchase the most cost effective food aid. However, two arguments support a decrease in food aid subsidies. First, less than 0.2 percent of total agricultural sales involve food aid procurement. Additionally, three companies accounted
for half of commodity purchasing in 2007, and each company’s sales amounted to less than one-third of one percent of their revenue (Bjerga). Reiterating the limited amount of food aid spending, Maxwell states that, “American...farmers receive more in subsidies in a five-day work week than the world spends on food aid in the course of a year” (Maxwell and Barrett 2005). Furthermore, small, specific food industries have more to lose from a change in policy than larger companies (Maxwell and Barrett 2005). For example, food aid accounts for more than 50 percent of skimmed milk powder exports (EUROPA). The organized agricultural lobby has less of a case in challenging food aid subsidies than in fighting alterations to overall subsidies.

In 2008, complications with imported goods’ safety roiled shocked the U.S. For example, the addition of melamine in dog food killed hundreds of pets, and the lead content of toys required massive recalls. By making shipping and purchasing decisions on the basis of cost effectiveness alone, many worry that quality standards will be compromised. However, the success of the WFP’s local and regional procurement initiatives exemplifies how quality standards can be incorporated into a purchasing program. The proposed database will work like the World Food Programme’s bank of approved vendors. To gain approval, a USAID and WFP program called Hazard Analysis Critical Control Point (HACCP) will analyze farmers’ potential risks from their supply of raw materials to the point of consumption. This program guarantees oversight by using trained WFP workers from local offices. Additionally, the WFP’s local purchasing
system provides farmers and traders with training to bring food product quality up to WFP standards and to control against potential infestations (World Food Programme). This approach has increased quality levels (World Food Programme). The existing on-the-ground contacts and country offices of USAID make it best suited to monitor quality (Maxwell and Barrett 2005). The required NGO updates on the database will also help provide the U.S. with quality oversight.

Many argue that American commodity donations are a powerful “soft power” tool of the U.S. government. Soft power describes a government using cultural means like the exportation of television shows or clothing to improve its ability to influence foreign governments. By labeling commodities sent into troubled regions with the American name, recipient populations associate the U.S. with benevolence and assistance. However, as previously described, a major benefit to increasing LDC domestic production is increasing their political stability. The benefits of using commodities to enhance America’s image pale in comparison to the benefits of securing stability for LDCs and limiting the potential spread of terrorism. However, NGOs could incorporate the U.S. name on their facilities to further the goal of soft power. Accepted providers of local and regional food could receive American flags to post among their fields, revealing to the population the source of their funding.

Another challenge is fighting American impatience with agricultural research’s slow progress, wherein “the time lag between dreaming up a new seed and
growing it commercially in the field is ten to 15 years” (The Economist April 2008, 34). Americans and their Congressional representatives looking for immediate changes may argue that funding agricultural research takes too long to provide benefits. Especially in a time of domestic economic turbulence, Congress may take issue with providing additional funding. However, as previously described, governmental research directly impacts the levels of agricultural productivity. Research into crops better-suited for African environments is a fundamental aspect of improving agricultural yields on the continent. Also, funding this research or infrastructure will not require more appropriations than maintaining the inefficient status quo; it simply shifts their placement.

CONCLUSION

Worldwide food markets are extremely volatile, and today's circumstances heighten the possibility of food insecurity. Sharp increases in prices have major implications on the health, security, and productivity of the poorest populations. In the United States, the world's largest food commodity donator, inefficiencies bog down promising results. The current food program wastes taxpayer dollars by representing American political lobbyists’ interests over developing nations’ needs. The proposed policy recommendations seek to bolster agricultural production and low-income farmers’ profits through cost-effective purchases. This policy also plans to revamp the provision
of emergency aid through the elimination of three inefficient requirements: 75 percent of goods must be shipped on domestic carriers, food donations must be domestically produced, and 50 percent of food must be processed and packaged.

This proposal makes more American dollars available by eliminating the shipment and production requirements that eat up food aid appropriations. The savings from purchasing the most cost-effective food will be passed on to NGOs that boost region specific agricultural production. A food security database will coordinate the work of various worldwide food aid agencies and assist for timely delivery in emergency situations, as well as replicate WFP quality standards programs to United States food aid policy.

The beneficiaries of this policy are all world citizens. Americans benefit from fewer of their tax dollars going to support an inefficient system of domestic subsidies and from the expanded stability of food-secure nations. Amid predictions that the number of hungry will reach one trillion by 2009, changes in American food policy have the potential to significantly improve millions of lives. In light of volatile prices and inefficient food distribution, the United States must commit itself to these policy changes.
### Appendix One: Program and Institution Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Institution/Program</th>
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<tbody>
<tr>
<td>BEHT</td>
<td>Bill Emerson Humanitarian Trust</td>
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<tr>
<td>HACCP</td>
<td>Hazard Analysis Critical Control Point</td>
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<tr>
<td>IEHA</td>
<td>Presidential Initiative to End Hunger in Africa</td>
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<tr>
<td>LAC</td>
<td>Latin American and Caribbean</td>
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<tr>
<td>LDCs</td>
<td>Least Developed Countries</td>
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<tr>
<td>MCC</td>
<td>Millennium Challenge Corporation</td>
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<tr>
<td>NGOs</td>
<td>Non-Governmental Organizations</td>
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<td>P4P</td>
<td>Purchase for Progress</td>
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<td>USAID</td>
<td>United States Agency for International Development</td>
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<td>USDA</td>
<td>United States Department of Agriculture</td>
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<tr>
<td>USG</td>
<td>United States Government</td>
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<td>WFP</td>
<td>World Food Programme</td>
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### Appendix Two: Summation of Food Aid Programs

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<tr>
<th>Program</th>
<th>Federal Agency</th>
<th>Year Begun</th>
<th>Function</th>
</tr>
</thead>
<tbody>
<tr>
<td>PL 480, Title I</td>
<td>USDA</td>
<td>1954</td>
<td>Provides loans for nations to purchase U.S. goods</td>
</tr>
<tr>
<td>PL 480, Title II</td>
<td>USAID</td>
<td>1954</td>
<td>Donates commodities for emergency and non-emergency purposes</td>
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<tr>
<td>PL 480, Title III</td>
<td>USAID</td>
<td>1954</td>
<td>Commodity donation program for governments</td>
</tr>
<tr>
<td>Food for Progress</td>
<td>USDA</td>
<td>1985</td>
<td>Donates American goods when governments make market oriented pledges</td>
</tr>
<tr>
<td>Section 416(b)</td>
<td>USDA</td>
<td>1949</td>
<td>Allows American commodity purchase for donation</td>
</tr>
<tr>
<td>Bill Emerson Humanitarian Trust</td>
<td>USDA</td>
<td>1980</td>
<td>Stockpiles tons of grains and case for usage in an emergency food situation</td>
</tr>
<tr>
<td>McGovern-Dole food for Education</td>
<td>USDA</td>
<td>2003</td>
<td>Donates American commodities to school feeding and child nutrition programs</td>
</tr>
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Appendix Two: Summation of Food Aid Programs
References

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