Myth-busting on Food Aid Reform

The truth about increasing flexibility in international food aid

In 2012, the United States reached more than 46 million people with food aid and is the world's largest food donor. Yet over 870 million men, women and children remain hungry. With the crisis in Syria and frequent humanitarian disasters, we must find better ways to meet the global need. The Royce/Engel amendment to the Farm Bill would allow the United States to serve millions more people at the same cost, meeting the competing demands of limited funding and the desperate needs of vulnerable populations around the world.

As Congress considers the Royce/Engel amendment, it is important to set the story straight on using cash instead of commodities to fight hunger. Many food crises are a result of poor *access to*, not *availability* of, food. Market-based interventions—such as local and regional purchase—which address obstacles to food access are often the best response to severe hunger. Supporting local farmers and traders not only holds off hunger now, but also builds resilience and prevents the need for future emergency assistance.

Myth 1: Cash leads to corruption and doesn't have adequate accountability.

Extensive research shows cash has the same level of safeguards in place as commodities.[1] In fact, cash-based aid is often safer than in-kind aid, because it does not require high profile logistics and distribution systems that can create opportunities for diversion. Additionally, results from pilot aid programs using local and regional procurement confirm that recipients of cash-based aid consistently use it to meet critical needs (food, health care, etc.).

CASE STUDY: Buying Locally in Niger

After irregular rains, Niger's 2009 harvests yielded less than a quarter of annual household food needs. Families in the drought-ridden regions had already faced four poor harvests in the last five years, and had few resources to help them survive until the next harvest. The hungry season, which normally lasts between June and October, was already in full swing in March, with more than 7.8 million people (over half the total population) in need of assistance.

Mercy Corps responded immediately to avoid catastrophic repercussions, successfully implementing three local and regional procurement (LRP) projects in Niger from 2010-2011. The programs reached over 228,000 people and procured more than 12,000 tons of food from local and regional businesses. Using a combination of direct distribution and vouchers, Mercy Corps provided a monthly food basket containing enough maize, cowpeas, vegetable oil and iodized salt to meet 80 percent of a family's nutritional needs over three months. To ensure food commodities were not resold, Mercy Corps targeted families with the most urgent needs: mostly families with small children, lactating and pregnant mothers, female-headed households, and elders.

The flexibility to purchase food locally was central to Mercy Corps' ability to respond in time to save lives. When compared to transoceanic shipments of U.S. commodities, the three LRP projects **purchased food an average of 4 months faster and saved an estimated $1.4 million.**

Myth 2. During an emergency, giving U.S. food always meets the greatest needs.

Unavailability of food is not necessarily the biggest cause of food insecurity – indeed, in many hunger crises there is ample food available in local markets; the problem is that people cannot afford it. **In these cases, cash-based aid can enable a much faster and more market-appropriate response than providing in-kind goods.**[2] For example, following Haiti's catastrophic earthquake, markets continued to function even after a large segment of the population had been displaced. Mercy Corps' Cash Transfer program allowed internally displaced families to meet their immediate needs while helping to stabilize markets. Program results showed that the largest amount of money was used for food and investments in restoring livelihoods.[3]

Myth 3. Not using U.S. food in emergencies hurts U.S. farmers and shippers.

Food aid makes up less than 1 percent of total U.S. agricultural exports, which have nearly tripled since 2000 to $145 billion annually.[4] The Royce-Engel Amendment would maintain 55 percent of Title II program resources as commodities, meaning that reform would have **a negligible impact on the agricultural exports while helping food aid reach millions more** with no cost increase. During his testimony before the Senate Appropriations Committee, USAID Administrator Raj Shah estimated the Administration's reform proposal would only affect 300 employees in the shipping industry and 0.2 percent of American agricultural exports, while reaching an additional two to four million people.[5] Many aid experts estimate the true increase in lives affected could be multiple times higher if reforms are implemented.[6,7]

Myth 4. Local food is more expensive than U.S. commodities.

Currently, half the food aid budget is spent on shipping and related costs.[8,9] Providing funds to NGOs to buy locally or regionally saves money for U.S. taxpayers. A GAO report on food aid reported that "food purchased locally was 25 percent less costly than U.S. in-kind food aid, and 34 percent cheaper in sub-Saharan Africa." And not only do U.S.-sourced food aid deliveries take up to 100 days longer than local or regional purchases to reach their destinations, but requiring goods to be shipped on preferred U.S. flagships adds as much as another 40 percent to the already expensive ocean freight costs.

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3 *Emergency Support to Households Hosting Earthquake-Displaced People in Central Department.* Mercy Corps. March 2011.
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5 *Food Aid Reform: Behind the Numbers*. USAID. http://www.usaid.gov/sites/default/files/documents/1869/FoodAidReform_BehindtheNumbers.pdf
6 Elliott, Kimberly; McKitterick, William. *Food Aid for the 21st Century.* Center for Global Development. 3 June 2013. http://www.cgdev.org//publication/food-aid-21st-century-saving-more-money-time-and-lives
7 *Food Aid: a Critical Program, Ripe for Reform.* Oxfam America. http://www.oxfamamerica.org/campaigns/food-justice/food-aid
8 *Reforming US Food Aid Would Eliminate 7,000-mile Food Chain.* The Guardian. 13 June 2013. http://www.guardian.co.uk/global-development/2013/jun/13/reform-of-us-food-aid
9 *International Food Aid Programs: Background and Issues.* Congressional Research Service. 20 May 2013. http://www.fas.org/sgp/crs/misc/R41072.pdf