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REPORT ON THE WORLD FOOD PROGRAMME
BY THE EXECUTIVE DIRECTOR*

* This report was presented to the Intergovernmental Committee of the World Food Programme at its seventh session, held in Rome, from 31 March to 14 April 1965.

1/ In view of the limited number of copies of the report, members are requested to bring their copies with them to the meetings

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FOREWORD

The present report, together with the five expert studies commissioned on behalf of the Secretary-General of the United Nations and the Director-General of FAO, and their own comments thereon, is intended to constitute the main body of evidence on the basis of which the future of the experimental World Food Program is to be judged by the competent organs of the United Nations and FAO during 1965. In preparing the report, due account has been taken of the conclusions of the expert studies on various aspects of food aid as a whole, although the main substance of the report itself consists of data derived from the Program's own two-year experience.

In submitting this report, I propose to strike a somewhat personal note. No one who has seen this Program come to life, grow, and take on its current image and character can fail to develop a deep personal involvement in all that it implies for the future. In visits to many countries which support and benefit from the Program, I have been moved by the response it has evoked in governments no less than by the enthusiasm of the beneficiaries of the numerous projects in which we have been privileged to play a part. I believe that the Program has succeeded in lighting a lamp in many lands where because of poverty, malnutrition or even hunger, food aid is a necessity to preserve human life and a means through which a better and fuller existence can be won.

The fact that the World Food Program has come into being is a testimony to the far-sightedness of all those who worked to create it. Nor could the Program have taken its present direction but for the generosity of the many donor countries in all parts of the globe and the enlightened guidance of the Intergovernmental Committee and the two sponsoring organizations, the United Nations and FAO. Gratitude is also due to the other agencies in the United Nations family and the non-governmental organizations with which the Program has been co-operating so fruitfully. Indeed, the Program has been most fortunate in enjoying the support of all these bodies and, while making full use of their vast experience, has in its turn created new opportunities for assistance to the very activities these organizations are themselves supporting. In the recipient countries, a heavy burden has been borne by those of their officials entrusted with project execution, especially in guiding many thousands of beneficiaries in the understanding of the task to be accomplished if the projects themselves are to be a success.

For all those who have been concerned with the Program, a window has been opened on to a better world. It is from such glimpses that hope rises anew, and mankind receives the encouragement to strive for greater things. The challenge of the future is far greater than any the Program has yet faced, but I am confident that this greater task can also be accomplished, always providing the necessary resources can be made available.

The purpose of the present submission is to put forward the case for a renewal and extension of the Program's mandate, and, in the assurance that it will receive fair judgment, I now venture to commend this report to your consideration.

A.H. Boerma
Executive Director

REPORT ON THE WORLD FOOD PROGRAM

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SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

CHAPTER I - ORIGIN AND GROWTH OF THE WORLD FOOD PROGRAM

Paragraphs

The response to the Program in terms of pledges and requests has been satisfactory.

By 1 November 1964 (the date to which all statistics in this report relate, unless otherwise indicated), 63 countries had pledged cash and commodities, valued together at \$91.9 million. 17

Seventeen emergencies had been alleviated by food aid and 193 requests for aid to economic and social development projects had been received. Of the requests, 51 had been withdrawn, 48 were still under consideration, 94 had matured into approved projects and 51 were already operational. 25 - 39

Expenditure on emergencies amounted to \$10.073 million in cash and commodities, or 47.5% of the total resources earmarked for this purpose to the end of 1965. 25 - 27

Commitment of resources to approved economic and social development projects amounted to \$52.8 million in cash and commodities. 32

While contributions in kind were on target, cash has been underpledged. Instead of a third, cash pledges up to 1 November 1964 amounted to only 21.7% (the percentage of cash and service pledges is 27.6%). 15 - 19

Nearly five-sixths of the \$53.3 million worth of commodities already delivered or committed to projects and emergencies consisted of those in traditional surplus, i.e. cereals, certain dairy products and vegetable oils. 18

With certain minor exceptions such as dried fish, only cereals and dairy products, (excluding cheese and canned milk) remain available. 26

This short and shrinking supply of high-protein foods, together with the shortage of pledged cash mentioned above, limits the balancing of diets in projects still to be adopted and restricts the flexibility of the Program in its concluding stages. 18

Major policies developed and applied include emphasis on economic and social development and on nutritional improvement within the framework of development plans and policies; strict adherence to the FAO principles of surplus disposal; full respect for other relevant international standards such as ILO conventions; and partnership between the Program, co-operating international organizations, and donor and beneficiary countries in assuming responsibilities and costs. 40 - 46

CHAPTER II - EVALUATION OF WORLD FOOD PROGRAM ACTIVITIES

Paragraphs

EVALUATION OF EMERGENCY OPERATIONS

It is difficult to avoid over-estimating the number of people requiring food-aid in an emergency. Following an independent appraisal of needs on the spot, whenever possible, the Program concludes that it is necessary to be conservative in responding to requests for such aid, taking corrective action by supplementary grants where necessary. 70 and 71

Because of the time required to transport food, first relief can come only from food supplies close to the emergency area. Voluntary agencies and diplomatic missions having emergency funds for this purpose are normally the first to respond with effective help. 74

A number of methods are used to move WFP foods into the stricken area within a short time after the event, although some of the expedients are not available in every case. 75 and 76

The subsequent stages of rehabilitation and reconstruction where such action is required can be assisted by food aid under the project approach. 78

PRELIMINARY FINDINGS FROM A SELECTION OF PROJECTS

Settlement projects

The more successful settlement projects aided by the Program are those that were well prepared over a long period before its establishment. Experience with the less successful projects points to the necessity for adequate assessment of the farming potential of the locations chosen, careful selection of settlers and accurate estimation of their numbers, assurance of the needed infrastructure, comprising roads, access to markets and other facilities, and credit and extension assistance. 87 - 96

Livestock projects

Closely integrated technical advice is needed in planning livestock projects, if the two essential conditions for their success are to be met, i.e. simultaneous efforts towards internal production of the feed supplies initially provided by the Program, and a systematic plan for reducing uneconomic numbers and improving productivity of the herds. 97 - 100

Labour-intensive projects

Experience with a substantial number and variety of WFP projects in this category demonstrates that the emphasis on labour-intensive projects, especially for rural development and welfare, to be found both in the General Regulations and in the WFP studies, is consistent with strongly felt needs in many developing countries where there is great scope for fuller employment of unskilled workers in the task of development. By tapping the community spirit in self-help undertakings, unsuspected sources of organizational capacity are utilized. 101 - 105

School-feeding projects

Food aid in support of middle-grade education and technical training schemes assists in the formation of future supervisory and skilled personnel essential to development. In all school-feeding projects the age-groups thus reached provide the most effective scope for nutrition education.

106 - 108

Other projects

A variety of other WFP projects have already demonstrated that good uses of food aid are not confined to the major categories mentioned above. For example, there are those for furthering industrialization in inaccessible areas not yet served by established food markets, where a sharp rise in local food prices might result from the sudden influx of wage earners. It is hoped that they will show how food can help to finance the provision of labour, additional in both quantity and quality, not only by mobilizing the unemployed but also by increasing the productivity of those already employed and reducing accident rates associated with inadequate nutrition of workers.

109 - 110

PROJECT PLANNING AND IMPLEMENTATION

Formulation and planning

Greater stress in the future would need to be laid on the planning and formulation of projects. Many limitations were imposed on their selection and preparation by the short duration of the experimental period.

113 - 120

Preparation for approval

The quality of technical scrutiny by co-operating international organizations depends on the information available in the requests, for WFP aid and from available field staff. Technical advice has therefore generally been helpful but incomplete. As a normal rule, no project should be accepted until its site is visited by a qualified official, and there should be close collaboration between operational and planning staff throughout preparation as well as implementation. Provision for consultant advice and field staff needs to be strengthened.

121 - 124

Food supplied to projects should either meet existing tastes or create new tastes which can continue to be satisfied after termination of aid. Quantities should be sufficient to meet basic human needs and to provide an incentive to the self-employed or wage-earners mobilized in different projects, wage-earners being paid some cash. Food aid by itself and distributed directly in kind appears to have wider scope when used as an incentive to mobilize the self-employed in projects for their own benefit than when used as part of a wage in projects to expand the productive employment of wage-earners. There is a tendency, to be guarded against, for governments to over-estimate the number of beneficiaries and the rate of progress that can be achieved in projects.

125 - 134

Preparation for implementation

Although formalities to be completed before the granting of aid are a source of delay, they appear to be a necessary protection to the Program, governments and beneficiaries.

135

Problems such as packaging and synchronization of deliveries can be overcome in the light of experience, and given further time for planning in a new program.

138

Implementation

Problems and achievements during implementation reflect the novelty of the Program, inadequacy of planning, and shortages of organizational ability in the underdeveloped countries aided.

142 - 144

Appraisal

Appraisal work proceeds at the same pace as the progress of projects, and is of good quality. Results (beyond what is reflected in this report) will be published when projects are completed - mostly after the experimental period.

145 - 147

General problems and achievements

Owing to the limited life of the Program, each job has been done according to an inexorable time-table rather than at the speed required to do it without risk of error. A major problem is in synchronizing the provision of all the resources and facilities required to implement a project at the best time to carry it out. Administrative expenditure has been increased both by the cost of launching new action and by the need for haste.

148 - 152

Achievements, however, are not lacking and the credit for them is to be shared by all concerned- the Program, and the donor and beneficiary governments which are partners in the current experiment.

154

CHAPTER III - SOME CONCLUSIONS OF THE STUDY PROGRAM

The WFP consultants agreed that, irrespective of changes in agricultural policy, food surpluses will accrue at an increasing rate and it is not certain that sufficient scope for their effective use can be found even after adopting both the project and the program approaches in food aid. Integration with development planning and policy is important. While previous assessments of the possible encroachment on potential export markets by food aid overlook the greater injury to international food prices that is avoided by the "umbrella effect" of these aid programs, great attention needs to be given to the impact on the domestic agriculture of beneficiary countries. The net effect in the latter respect could be positive if care were taken to avoid depressing food prices and to concentrate an appropriate proportion of the aid on projects which increase investment and improve productivity in domestic agriculture.

157 - 165

Capacity to absorb food aid depends not only on the "food gap" in the balance of payments but also on the scope for investments and productivity improvements that food aid can produce in the different sectors and in the economy as a whole through an appropriate development strategy. Food aid, if properly conceived with respect to timing and magnitude, can be just as important as other forms of aid.

166 - 174

The emergence of surpluses in regions other than North America might require the evolution of multilateral machinery for channelling them into aid through bulk supply.

159 - 182

Multilateral operation of the project approach has made practicable the mobilization of food aid from many countries not easy to obtain on a bilateral basis, and the resultant inclusion of non-surplus foods has permitted the provision of a more nutritionally adequate diet. 185

Close co-operation between a future multilateral program and bilateral programs would be desirable to the extent that it does not impair the multilateral character of further action. In this connection, Study No. 4 proposes that the situation whereby U.S. pledges to the Program are released only after undergoing checks required by legislation concerning its bilateral program, could be rectified under a new multilateral program by enactment of new U.S. legislation. 186

Study No. 4 concludes that a future multilateral program should be larger to reduce overheads, and should have a larger field staff and improvements in headquarters facilities. 189

A new multilateral program should serve as a guide to all food aid by research, experiment and the formulation of principles and policies. 191 - 200

CHAPTER IV - A FORWARD LOOK, AND RECOMMENDATIONS

Many governments and others concerned desire to continue a multilateral food program. Its role should be to carry on the development of activities whose value is already proven, to experiment with others, and to stand ready to put to good use in economic and social development such new surpluses as may accumulate as a result of agricultural production and trade policies now under discussion at the national and international level. 201 - 205

ACTIVITIES

Relief action in emergencies must be an inescapable responsibility for any multilateral food-aid program. Experience suggests that the role of a future program in meeting emergencies is likely to prove most effective in the later stages of alleviation, and subsequently in the work of reconstruction and rehabilitation. 203 and 209

A future multilateral program would also be favourably placed for investigating over-all food requirements following a request for emergency food aid, and for serving in an advisory capacity on behalf of the United Nations and FAO. 210

Specific feeding programs should be considered as pertaining to the field of economic and social development, and priority should continue to be accorded to secondary and vocational education and training. 212 and 213

The present policy on the sale of food supplied under the project approach should continue, although some relaxation in its application should allow the disadvantages of market displacement to be weighed against the advantages of the objectives to be achieved by the project. 215 - 220

The project approach, which should continue to be the core of a future multilateral program, can be usefully supplemented by an experiment in a program approach in a few selected smaller countries. This would be based on food assistance to aid the financing of over-all country plans, in accordance with adequate and specified criteria, and would be conducted only on an experimental or pilot basis. 221 - 237

Paragraphs

A future program should provide for the appraisal and evaluation of its activities, and in addition initiate and assist research and studies on different aspects of food aid.

238 and 239

RESOURCES OF THE FUTURE PROGRAM

A new multilateral program should for the time being confine its commodity list to food and feed stuffs, as the difficulties of attempting to utilize such items as machinery, fertilizers or cotton are impressive and deterring.

241 - 245

Commodity pledges cannot be utilized unless accompanied by sufficient cash to move them and to administer the program, and the average cash requirement, including shipping, is calculated at 30% of pledges.

246 - 254

A continuing multilateral program should have the authority to make commitments to projects extending up to five years. These commitments should be covered by declarations of intent made by the donor governments. It is further suggested that firm three-year pledges be sought at pledging conferences held every two years.

256

RATE OF GROWTH OF THE FUTURE PROGRAM

The Program should be continued on an open ended basis and maintained for as long as it can perform a useful role. Its activities should grow soundly from the level of activity reached during the experimental period to permit projects over a longer term and on a larger scale, with an expansion to cover support for development plans and programs. Inclusive of provision for emergency aid, commitments to be incurred could grow from more than \$100 million in 1966 to some \$200 million in 1970, totalling about \$833 million in the next five years. Actual expenditure of resources over the same period approximate to \$640 million, of which some \$275 million would be spent during the first three years of this period, and this figure would thus represent the target for the first pledging conference.

265 - 273

ORGANIZATION AND ADMINISTRATION

A larger program will require additional staff, although with little change in basic structure. The proportion of administrative costs to the overall size in a larger program would, however, decrease.

274 - 290

The close relationship between the Program and the United Nations and FAO, and the co-operation with specialized agencies of the United Nations family should be maintained and further strengthened.

284 - 286

CHAPTER I

ORIGIN AND GROWTH OF THE WORLD FOOD PROGRAM

Origin of the Program

1. The origins of the World Food Program lie in the many efforts undertaken during the past decade to find constructive uses for the agricultural surpluses which have been accumulating in some countries in consequence of the application of advanced technology. Parallel to this development there has been a continuing scarcity of food in the much larger developing areas of the world. This has prompted research into how surpluses may best be harnessed to combat worldwide hunger and malnutrition. At the same time it has been recognized that the abundant output of the more fortunately placed producers must not be utilized in a manner which might injure the interests of producers and traders in other countries.

2. Within the United Nations system of organizations, studies on various applications of international assistance designed to achieve these objectives have been pursued for a number of years, particularly by FAO. Of special significance for these studies has been the gradual shift in emphasis from the use of agricultural surpluses for simple increase in consumption by the beneficiaries to that for investment to increase the long-term capacity for domestic production. The experience of one country in particular opened men's minds to this prospect in a dramatic fashion: in 1954, prompted in part by its embarrassing food surpluses, the United States embarked upon a series of programmes in accordance with the terms of Public Law 480 under which food surpluses were to demonstrate their potentiality as a new and vital instrument for economic development in many countries. In 1960, FAO launched its Freedom from Hunger Campaign, and the inception of the World Food Program was a direct result of the interest that this Campaign created in the larger context of the United Nations Development Decade.

3. Late in 1960, the United Nations General Assembly adopted resolution 1496 (XV) on the provision of food surpluses to food-deficient peoples through the United Nations system, and this can be considered the first step towards establishment of the present experimental World Food Program.

4. In this resolution, the General Assembly invited FAO to establish procedures for a food distribution programme and to undertake a study of the feasibility and acceptability of multilateral arrangements to this end. In response to this invitation, the FAO Council at its Thirty-Fourth Session in October 1960 authorized the Director-General of FAO to undertake the study requested by the General Assembly and established a 13-member Intergovernmental Advisory Committee, working within the framework of the FAO Committee on Commodity Problems, to advise the Director-General in his study. This Committee met in April 1961 and, during its deliberations, considered a proposal from the delegation of the United States of America suggesting the establishment of a three-year experimental programme for the distribution of surpluses, with resources of \$100 million in commodities and cash. The report prepared by the Director-General in the light of the recommendations of the Advisory Committee was, under the title "Development through food - a strategy for surplus utilization" ^{1/}, submitted to the FAO Council at its Thirty-Fifth Session in June 1961, together with the observations of the Advisory Committee and the Committee on Commodity Problems, and the proposal made by the United States delegation.

^{1/} Freedom from Hunger Campaign, Basic Study No. 2, FAO, 1961.

5. At its Thirty-Second Session in July 1961, the Economic and Social Council of the United Nations considered the relevant documentation, which included the Director-General's report and a report by the Secretary-General of the United Nations entitled "The role of the United Nations and its related agencies in the use of food surpluses for economic development" ^{1/}.
6. Resolution 832 (XXXII), which was adopted by the Economic and Social Council as the outcome of its debate, requested the Secretary-General and the Director-General to consult with one another and with other agencies concerned, with a view to formulating more detailed proposals regarding the procedures and arrangements for the implementation of a multilateral programme for surplus food mobilization and distribution. In the same resolution, governments were invited to be prepared to take positions with respect to the United States proposal for an initial programme, at the following sessions of the United Nations General Assembly and the FAO Conference.
7. On the basis of the recommendations made by both Councils, and having considered the joint proposals of the Secretary-General and the Director-General regarding the above-mentioned procedures and arrangements, the FAO Conference and the General Assembly took the final steps leading to the establishment of the World Food Program by adopting respectively FAO Conference Resolution 1/61 of 24 November 1961 and General Assembly resolution 1714 (XVI) of 19 December 1961.
8. These two resolutions approved the establishment of the World Food Program as a three-year experimental programme to be undertaken jointly by the United Nations and FAO in co-operation with other intergovernmental and interested bodies, and resolved that the Program's resources would essentially consist of governmental contributions to be pledged on a voluntary basis. The resolutions approved the establishment of an Intergovernmental Committee of 20 States Members of the United Nations or Members of FAO, to provide guidance on the policy, administration and operations of the Program, and of a joint UN/FAO Administrative Unit headed by an Executive Director to conduct its operations, and resolved that these organs should aim at establishing on a world basis orderly procedures for meeting emergency food needs and emergencies inherent in chronic malnutrition, for assisting in pre-school and school feeding and for implementing pilot projects intended to use food as an aid to economic and social development, particularly when related to labour-intensive projects and rural welfare.
9. The resolutions required the Intergovernmental Committee in developing the Program to ensure that, in accordance with the FAO principles of surplus disposal, the agricultural economy of receiving countries and existing and developing trade would neither be interfered with nor disrupted, and requested that a conference be convened at which States Members of the United Nations and Members of the FAO would be invited to pledge contributions.
10. The resolutions further called upon the Economic and Social Council and the FAO Council to review and to take appropriate action on the procedures and arrangements to be recommended for the Program by the Intergovernmental Committee.
11. In pursuance of this last provision, regulations outlining arrangements and procedures for the establishment of the Program were drafted by the Intergovernmental Committee at its First Session in February 1962 and approved by the Economic and Social Council and the FAO Council in April 1962. These General Regulations, together with the Provisional Financial Procedures and the Rules of Procedure adopted by the Intergovernmental Committee at its Second Session, constitute the basic texts regulating the organization, management and activities of the World Food Program.

^{1/} United Nations Document E/3509.

Resources of the Program

12. Within the framework laid down by the resolutions of the United Nations General Assembly and the FAO Conference, the General Regulations resolve that the Program is to obtain from Members of the United Nations and from Members and Associate Members of FAO voluntary contributions in the form of appropriate commodities, acceptable services and cash, aiming in the aggregate at a total of \$100 million, of which at least one-third is to be made in cash. Under the terms of the General Regulations, appropriate commodities and acceptable services are to be determined by discussions between the Executive Director and donor countries; commodity pledges are valued on the basis of world market prices at the time of pledging; and commodities delivered are valued at their world market price at the time of shipping. Contributions of shipping services are similarly valued. Cash contributions are normally to be made in convertible currencies, although in exceptional circumstances developing countries are authorized, in agreement with the Executive Director, to make their contributions in other currencies readily usable in the Program.

13. In accordance with the provisions of the General Regulations, commodities and services pledged are made available only when called for by the Executive Director and commodities are then delivered to export ports f.o.b. by the contributing country. Cash contributions are to be paid in three equal annual instalments, the first instalment being payable as far as possible within 60 days from the date of the firm pledge, and the following instalments within two months after 1 July of each year.

14. On 28 June 1962 the Executive Director circulated to all Members of the United Nations and FAO a statement of the guiding principles relating to the valuation of commodity and service contributions, in which the policies laid down in the General Regulations were further amplified and explained, and a list given of the commodities which appeared most useful to the Program. The list covered a wide range of commodities, including cereals, legumes and nuts, animal products, oils and fats, sugar, processed foods, coffee, cocoa and tea. The list also included other commodities acceptable as feedstuffs, such as oilcake, feed grains and mill offals. Governments were invited in making their pledges to provide the Program with a choice of commodities and services.

15. At the Pledging Conference which was held in New York on 5 September 1962, and in the days immediately following, 33 countries pledged a total of \$87,333,300, constituted as follows:

	(US \$)
Commodities	63,479,900
Services	7,422,400
Cash	16,431,000
	<hr/>
	87,333,300
	<hr/>

16. Although some \$13 million short of the target, the total pledged was deemed enough for the Program to commence its activities. The commodity pledges in particular, including as they did 26 of the commodities originally requested, assured a satisfactory degree of flexibility in the operations which were about to start. Several commodities, however, notably rice and sugar, were pledged in small quantities, while others, such as cocoa, oilcake and mill and slaughterhouse offals, were not pledged at all; coffee was only pledged at a later date. Moreover, the shortfall in cash pledges, which amounted to only 18.8% of total pledges, i.e. to four-sevenths of the percentage which the General Assembly and the FAO Conference had thought would be necessary, gave cause for concern.

17. To meet these deficiencies, continuous efforts were made by the Executive Director, with the full support of the Intergovernmental Committee and its parent bodies, to seek contributions from a greater number of countries, to secure additional quantities of commodities in short supply and to increase cash pledges. The outcome of these efforts may be assessed from the following figures:

	<u>September</u> <u>1962</u>	<u>March</u> <u>1963</u>	<u>November</u> <u>1963</u>	<u>June</u> <u>1964</u>	<u>November</u> <u>1964</u>
Number of contributing countries	34	49	56	67	68
Total pledges in million dollars	87.3	89.9	90.0	91.1	91.9
Cash contributions in million dollars	16.4	18.0	18.1	19.8	19.9
Percentages of cash pledges to total pledges	18.8	20.0	20.0	21.7	21.7

18. Successful as they may have been in increasing the number of donor governments, these efforts have not basically altered the situation which prevailed at the time the original pledges were made^{1/}. Commodities pledged to date still consist primarily of those in traditional surplus, i.e. cereals, certain dairy products and vegetable oils. While no exact breakdown of the pledges made can be given by commodity, since most countries made rather generalized pledges of a number of commodities, it is significant to note that the three above-mentioned groups constitute nearly five-sixths of the \$53.3 million worth of commodities already delivered or committed for future delivery to projects and emergencies by 1 November 1964. The balance represents almost the entire amount of all commodities pledged in fish, meat, pulses, fruit, tea and coffee. Thus, with relatively minor exceptions such as dried fish, only cereal products, dairy products (excluding cheese and canned milk) and vegetable oil now remain available for commitment to new projects or for emergency use.

19. At \$19.9 million, cash pledges are still well below the target figure of one-third. Taken together with shipping pledges, they represent 27.6% of total pledges, and thus while sufficient to cover the administrative costs of the Program and to move all the commodities which can be committed (after setting up a commodity reserve to cover possible price increases), they are inadequate either for the purchase, on any sizeable scale, of commodities not available from pledges, but which may be needed to balance diets in approved projects; or for help to governments, even in the most deserving cases, in meeting costs of internal transport of WFP commodities.

Activities of the Program

20. The General Regulations specify that the Program may, on request from governments, provide food aid (i) to meet emergency food needs and emergencies inherent in chronic malnutrition; (ii) to assist in pre-school and school feeding; and (iii) to assist in implementing pilot projects using food as an aid to economic and social development.

(a) Emergency operations

21. From the standpoint of the Program, emergency needs are to be interpreted as food needs arising from sudden and unexpected natural disaster, such as earthquakes, fires, floods, hurricanes, droughts, pests and epidemic diseases. They may also arise out of man-made emergency situations, including political conditions rendering some of the inhabitants of a country homeless, or constraining them to migrate to other countries as refugees. Situations of chronic malnutrition do not necessarily constitute emergencies in themselves, but do render those subject to them particularly vulnerable during crises that adversely affect food supplies.

22. Twenty-five per cent of the Program's resources in commodities, which with the necessary services amount to approximately \$21 million, were earmarked by the Intergovernmental Committee for this purpose in 1963, 1964 and 1965 at the rate of \$7 million per year. In the interests of flexibility the Executive Director was authorized by the Intergovernmental Committee to carry forward to 1964 and 1965 respectively any unused balance not exceeding \$7 million remaining from the resources set aside for the same purpose in 1963 and 1964. The Executive Director was similarly authorized to draw in advance up to \$2 million late in 1964 for use in emergencies out of the amount earmarked for 1965. These resources may be augmented by any ad hoc contributions forthcoming as a result of an appeal for emergency aid by the Director-General of FAO.

23. Upon receipt of a request for help, the extent of the assistance required is assessed in co-operation with the government, other aid-giving agencies, particularly the League of Red Cross Societies and the United States Agency for International Development, the TAB Resident Representative and FAO and WFP officers in the field. To this end information is sought as to the probable duration of the emergency, the number of people involved, the quantities and types of food required, the special needs of vulnerable groups among the people affected and the extent of possible relief assistance obtainable from all other sources.

24. Information is also secured on the facilities for clearing the WFP supplies at the point of entry, on transport and distribution of the emergency supplies, and on the machinery for co-ordinating emergency aid from all sources. A decision is then taken on the extent of WFP assistance, and the food or feed supplies are moved, on the authority of the Director-General of FAO, to the port of entry or to the frontier station of the recipient country. From such points of delivery, all expenses are borne by the requesting governments, which assume responsibility for the arrangements made for storing, transporting and distributing the commodities to the beneficiaries.

25. Although the Program only became fully operational on 1 January 1963, it had by that date received requests and had started rendering assistance in three cases of emergency: an earthquake which occurred in September 1962 in Iran; a hurricane which struck Thailand in October 1962; and an emergency situation notified in November 1962 calling for resettlement and feeding of refugees who were returning in large numbers to Algeria from Morocco and Tunisia. From 1 January 1963 to 1 November 1964 assistance was, or is still being, rendered in 14 other emergencies, making 17 in all. Table I shows the position of these emergency operations on 1 November 1964, in terms of food cost and total cost.

26. A wide variety of foods were distributed, including cereals (wheat and wheat flour, maize, oats and rice), dairy products and other protein foods and fats (milk, butter and butter oil, eggs, vegetable oil, meat, fish), together with other products, such as beans, sugar, salt and tea. As a result of the depletion of WFP supplies of protein food, however, the commodities distributed had progressively to be limited to the products in traditional surplus: cereals, skim milk and some edible oils.

TABLE I

<u>Country</u>	<u>Type of emergency</u>	<u>Cost of food supplied (US \$)</u>	<u>Total cost (US \$)</u>
Thailand	Hurricane	70,126	76,216
Iran	Earthquake	182,134	278,010
Algeria	Displaced persons	666,667	715,460
Morocco	Floods	2,250,540	2,532,997
Tanganyika	Refugees	27,997	32,338
Indonesia (Bali)	Volcanic eruption	1,972,165*	3,056,687*
Sarawak	Floods	174,158	215,492
Pakistan	Cyclone	339,635	418,382
Syria	Floods	308,196	329,950
Trinidad (Tobago)	Hurricane	420,750	488,602
Cuba	Hurricane	667,724	828,352
Dahomey	Displaced persons	18,797	21,281
British Guiana	Displaced persons	92,941	115,289*
Congo (Braz- zaville)	Displaced persons	17,600*	22,600*
Uganda	Refugees	155,250*	288,250*
Brazil	Floods	352,800*	484,800*
Tanganyika	Refugees	130,000*	168,000*
		<u>7,847,489</u>	<u>10,072,706</u>

* Estimates

27. Table II gives a breakdown in quantity and value, by main type of commodity, of the food committed to emergency operations by 1 November 1964.

TABLE II

<u>Commodity</u>	<u>Quantity (metric tons)</u>	<u>Value (US \$)</u>
Cereals	64,332	4,545,931
Dairy products	4,141	1,303,461
Other protein foods	2,188	987,077
Other foods	<u>11,126</u>	<u>1,011,020</u>
	<u>81,787</u>	<u>7,847,489</u>

By 1 November 1964, about 47.5% of the total resources earmarked for emergencies for the entire duration of the experimental Program had thus been committed or distributed.

(b) Aid to economic and social development, including institutional feeding:

28. Although the General Regulations establish two distinct categories for feeding programs and for social and economic development projects, these fields of activity cannot easily be separated. The division would not in fact, correspond to any basic difference either in the nature of the projects themselves or in the processes leading

to their development, approval and operation. In both cases, the ultimate objective is the same; namely, to assist in the economic and social growth of developing countries.

29. The category of pre-school and school feeding has in practice been given a wider interpretation than that originally envisaged and, in addition to covering ante-natal and post-natal nutrition and feeding of children up to school age and pupils in elementary schools, now extends to persons in other educational institutions, such as teachers undergoing training, students at secondary, vocational and technical schools, and university students. The Program has also associated itself with projects operated in the context of general literacy campaigns, and may assist individual social groups in closed communities, such as hospitals.

30. In considering projects in the field of economic and social development, special emphasis is placed on labour-intensive and rural development activities, particularly those having a demonstration value. The emphasis on rural development arises naturally from the fact that the type of aid granted by the Program is particularly suitable for application in the large subsistence-farming sectors characteristic of the economies of developing countries. The special attention given to labour-intensive projects - whether in rural or urban areas - is due to a practical consideration, namely that a food contribution can play a more essential role in projects involving a relatively high amount of labour. The activities of the Program are not, however, limited to labour-intensive and rural development projects, and special attention has been paid to securing a wide range of projects covering all sectors of economic and social development, including both industry and agriculture.

31. To acquaint governments with the new opportunities provided by the Program, several exploratory teams were sent out in the second half of 1962. Altogether, from July 1962 to March 1963, the Executive Director and senior members of his staff visited over 60 countries. Mainly as a result of these visits the Program had, by May 1963, received 28 formal requests for food aid in support of economic development, including institutional feeding. Since then, the response shown by governments has developed well, and a steady flow of requests has been maintained; by November 1963 the total number of requests received had risen to 93; by May 1964 it had reached 131 and on 1 November 1964 it stood at 193.

32. By the last date, 51 of these requests had been withdrawn by agreement between the government concerned and the Executive Director, as examination had disclosed that, for a variety of reasons, they could not be successfully met. Of the remaining 142, a total of 94 have matured into approved projects and 48 are under active consideration. Table III shows the distribution of the approved projects by region:

TABLE III

<u>Region</u>	<u>No. of projects</u>	<u>WFP food/feed cost</u> (US \$)	<u>Total WFP cost</u> (US \$)
Africa	28	11,297,600	15,434,500
Asia	39	13,323,500	19,986,400
Latin America and Caribbean	13	6,491,100	8,774,800
Europe	14	6,847,900	8,571,000
	<hr/> 94 <hr/>	<hr/> 37,960,100 <hr/>	<hr/> 52,766,700 <hr/>

33. As may be seen from the above table, the total cost of projects approved by 1 November amounted to over \$52.7 million. As the total resources available for

projects by that date amounted to \$65.4 million^{1/}, this left some \$12.7 million available for further projects. The 48 other requests under consideration would, if all approved, involve \$27,1 million. Of these some will not in fact mature, but it is expected that those that are approved will probably absorb all the remaining sources.

34. The large majority of projects approved so far may be grouped under four main headings. The first and largest category includes labour-intensive undertakings in which food is provided, usually in kind, to unemployed or under-employed labourers and their families on the basis of calculated rations. While many of these projects aim at agricultural development in terms of irrigation, afforestation, land improvement and the like, others, such as those for the construction of housing or of feeder roads, are calculated to improve the economic infrastructure. Yet others are in the field of industrialization, and include mining and geological exploration. The common denominator in all these activities is the creation of useful employment for the large masses of people in developing countries who have not yet found the opportunity of participating in the production process.

35. A second important category of projects concerns the settlement of people in new areas. Food is being provided as a subsistence fund for the benefit of settlers during the time needed before they can produce their own food on their new land.

36. The third group of projects can be classified as special feeding, embracing pre-school feeding, school feeding and various other types of institutional food aid.

37. The fourth category concerns projects for the promotion of livestock production, through better animal feeding. The main purpose here is to make more efficient use of locally available feeding stuffs by adding surplus feed grains to them and distributing them to farmers in the form of compound feeding stuffs. It is hoped that the increase in animal production thus promoted will induce farmers to produce such additional feed components themselves, and so create the basis for an improved and enlarged livestock industry.

38. The breakdown of the approved projects by type shows that while most of the Program's activities are centred on rural development, the efforts made in developing a wider range of projects have also been successful. The breakdown in total and by region is indicated in Table IV. A complete list of projects approved to 1 November 1964 is attached as Annex II.

39. The quantity and value of the commodities earmarked for the projects for which agreements had been signed by 1 November 1964 are shown in Table V.

TABLE V

<u>Commodity</u>	<u>Quantity</u> (metric tons)	<u>Value</u> (US \$)
Cereals	211,644	13,760,699
Dairy products	12,562	7,187,103
Other protein food	7,801	3,878,784
Other foods	4,949	1,969,006
	<hr/>	<hr/>
	236,976	26,795,592
	<hr/>	<hr/>

Of the 57 projects for which agreements had been signed by 1 November 1964, involving a total commodity cost to the Program of about \$26.8 million, 51, at a total cost of nearly \$24.8 million, had become operational by that date. (Projects are considered to be operational as soon as shipping instructions have been issued by the Program.)

^{1/} I.e. estimated total resources of \$91.8 million, less total allocation for emergency operations 1962-65 (\$21.9 million), less total required for administration 1962-65 (\$4.5 million).

TABLE IV

Analysis of projects approved by 1 November 1964 (94) in terms of percentage of total cost, by category and by region

	<u>Africa</u> (%)	<u>Asia</u> (%)	<u>L. America & Caribbean</u> (%)	<u>Europe</u> (%)	<u>Cost by category</u> (US \$)	<u>% of total cost</u>
<u>Special feeding</u>						
Expectant mothers and pre-school feeding			1.5		718,100	1.5
Feeding of students	3.0	1.5	1.5	1.0	3,838,200	7.0
Feeding programs for other special groups	2.5	0.5			1,648,500	3.0
<u>Economic and social development</u>						
Colonization and land settlement	13.0	1.0	7.5	0.5	11,819,900	22.0
Land reform		0.5			265,600	0.5
Land reclamation and development	3.0	8.0	2.0	1.0	7,197,000	14.0
Irrigation and drainage		3.5		1.0	2,401,200	4.5
Afforestation	0.5	2.5	0.5	2.0	2,784,800	5.5
Diversification of crops	1.0				541,200	1.0
Promotion of animal husbandry	3.0	7.0			5,356,700	10.0
Establishment of stocks for price stabilization	1.0				496,300	1.0
Community development	1.0	1.5	3.5		3,301,100	6.0
Housing, building and area planning		1.0	0.5	3.0	2,166,900	4.5
Road construction		3.5		1.0	2,262,700	4.5
Other public works		5.5			2,781,100	5.5
Industrial projects	0.5	2.0		5.0	4,110,600	7.5
Mining projects				2.0	1,075,800	2.0
Percentage of total cost	26.5	38.0	17.0	16.5		100.0
Cost by region (US \$)	15,434,500	19,986,400	8,774,800	8,574,000	52,766,700	

Major policies adopted in selecting projects

40. As may be seen from the preceding paragraph, the assistance given by the Program in the field of economic and social development has so far been channelled into specific projects. Although undertaken within the framework of national development plans and policies, each of these projects is linked with an individual and concrete operation undertaken in a certain area of endeavour, with a defined beginning and end, rather than with the requesting government's development program as a whole.

41. In developing projects, special attention has been paid to improving the nutritional levels and health both of the persons working on them and of their immediate dependants. The wide range of food commodities pledged to the Program, including both animal and vegetable proteins and fruits, besides the staples and fats in conventional surplus, has permitted a relatively diversified supply which, together with foods available locally, has been used to ensure as balanced a diet as possible. Apart from enhancing the wellbeing of the family unit this policy is expected to create new food habits and consequently a demand for the products of a more diversified agriculture in the future.

42. In accordance with the FAO principles of surplus disposal, the rule is followed that any assistance provided by the Program should not cause harmful interference with normal patterns of production and international trade. This requires that the WFP commodities distributed should be for the consumption of food additional to the amounts normally produced and purchased. The same requirement implies giving preference to projects which provide for direct distribution of food or feed in kind to the beneficiaries. Although the food commodities, received as free grants from the Program, are usually given by governments to the beneficiaries in the form of remuneration in kind, or as a stipend during study or training, they may also be sold within the country. Sales on the open market are permitted only if the proceeds are used in the project itself and when there is the additional expectation that the money will be used by the recipients within a reasonable period of time for purchasing the same or similar commodities as those supplied by the Program.

43. Though giving preference to distribution in kind, the Program is guided by the ILO Convention concerning the protection of wages, which establishes that, when there is employment of wage-earners, they may be only partly remunerated with food, on the assumption that they must be paid sufficient cash to cover their non-food needs. Thus, not less than 50% of the wage locally prevailing for the work in question is paid in cash and the remainder is provided in kind. The ILO Convention, however, does not apply to projects assisted by the Program which use labour for voluntary, self-help activities, in which the workers benefit directly from the results of the project and do not have the status of employees. In such cases, food aid is given only with a guarantee that no coercion to work is applied.

44. In principle, the Program does not participate in projects for which part of the food requirement is met by other external food-giving agencies. This is both to avoid logistic complications due to unco-ordinated supply operations and to maintain proper identification of the Program's contribution to a specific project, thereby making possible the evaluation of its assistance in that project.

45. In almost all WFP projects, other costs are incurred in addition to those of the foodstuffs supplied and transported by the Program. While the principle is followed that the government concerned should be responsible for meeting such non-food costs, as a token of its own involvement in the project, there are some cases where recipient governments cannot cover all of them from their own budgetary resources, and have to look for possibilities of external financing. In such instances, the Program may assist governments in obtaining funds on a bilateral or multilateral basis, and as a general policy it maintains liaison with the Office of the Co-ordinator of the FAO Freedom from Hunger Campaign, which keeps in close touch with appropriate governmental and private aid-giving agencies. The Program does not, however, assume any direct responsibility for securing such funds.

46. With regard to the size of the projects acceptable to the Program, although it is recognized that small projects could be important for the recipient country insofar as they may have considerable demonstration value, the general practice followed is to give preference to projects whose costs in terms of expenditure in food or feed are not lower than \$200,000, calculated at current international prices for the commodities involved. Chart I below illustrates the use of WFP resources, in commodities and cash, between 1 January 1963 and 1 November 1964.

Procedures governing the submission, approval and execution of projects

47. The submission of requests for assistance from the Program is the responsibility of governments. Each specific request is transmitted to the Executive Director through the TAB Resident Representative, who serves as the official channel between the Program and the government of the recipient country. The FAO representative and representatives of other co-operating specialized agencies in the country are kept informed of developments, and give assistance as desired in the preparation of projects.

48. When a request is received by the Program, it is first examined to ascertain whether the project proposed corresponds to the type of operation carried out under the Program and whether its terms agree with established policies. The commodities asked for are then checked against pledges with a view to meeting nutritional standards as far as possible. Negotiations are held with the government concerned on these points, as well as on the provisions which the government intends to make for meeting the non-food costs of the project. Subsequently, a summary of the request is prepared and sent to the United Nations, FAO and other interested specialized agencies for technical scrutiny and, on receipt of their favourable advice, to the Consultative Sub-Committee on Surplus Disposal of the FAO Committee on Commodity Problems to ascertain its views on the probable impact of the food or feed assistance on international trade and on the agricultural production of the receiving country.

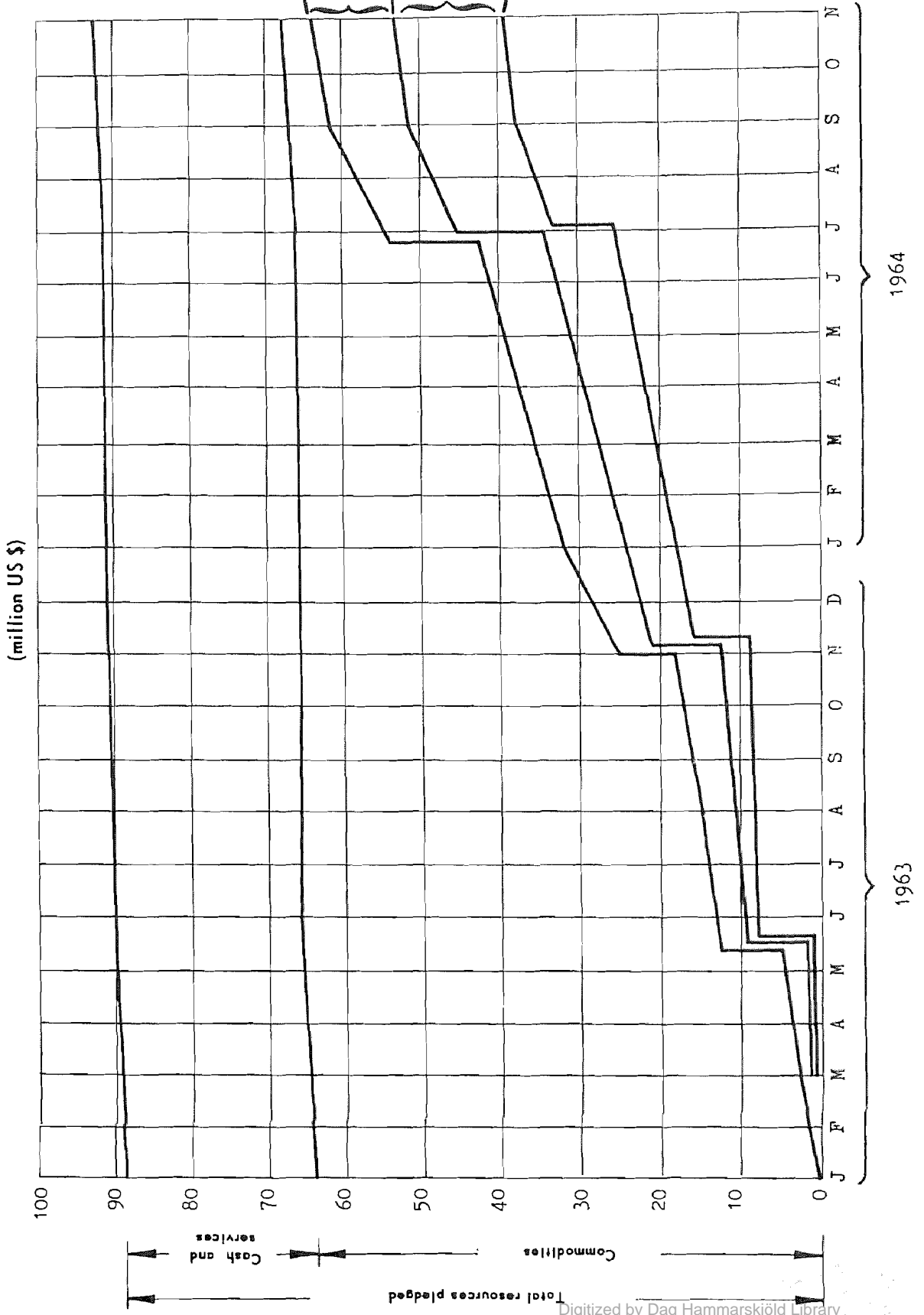
49. Once these consultations are completed, the project is submitted to the Executive Director for his approval or for the approval of the Intergovernmental Committee. At this time the total budget is approved. The Executive Director has been authorized by the Intergovernmental Committee to approve projects not exceeding \$500,000 in terms of food or feed costs: those exceeding \$500,000 in commodity values are submitted to the Committee for its approval. Since the Committee normally meets only twice a year, a procedure has been adopted under which approval of projects in the latter category may be obtained by correspondence. Both the delegation of authority given to the Executive Director and the procedure for approval by correspondence are subject to review by the Committee.

50. When a project has been approved, a project agreement setting forth the obligations of the Program and of the recipient government is prepared and sent to the government through the TAB Resident Representative for final negotiation.

51. Once the project agreement has been signed, the recipient country concerned is required to notify the Program that all measures preparatory to the commencement of the execution of the project have been completed. On receipt of this intimation, firm shipping instructions are issued to donor countries for the delivery of the required commodities. The Program bears the cost of freight and insurance to the port of entry of the recipient country, and in the case of a land-locked country, the cost of trans-shipment, freight, and insurance to the border of the recipient country. At the time of loading, WFP shipments are superintended for weight and condition either by commercial superintendents employed by the Program, or, in the case of countries where a system of government control and certification of quality exists, by the donor governments themselves. They are similarly checked at the time of discharge, by commercial superintendents employed by the Program. On delivery of WFP commodities to the port or station of destination, title to them passes to the recipient government. From that point all expenses, including the cost of import

CHART I

Resources in commodities and cash* pledged and committed between January 1963 and November 1964



*

duties, taxes, levies, dues and wharfage, are borne by the government, which is also responsible for meeting all costs involved in the subsequent storage and distribution of WFP commodities.

52. The primary responsibility for project execution rests with the recipient government. The Executive Director has, however, a functional responsibility for supervising and assisting in the implementation of the project. This is done through the services of WFP project officers assigned to one or more projects, under the general supervision of the TAB Resident Representative. Technical guidance is obtained when needed from the United Nations, FAO and other interested specialized agencies.

53. Each project agreement contains provisions whereby the government undertakes to furnish the Program with quarterly progress reports on the implementation of the project, and to provide, annually and on completion of the project, certified accounts of the commodities supplied by the Program.

Appraisal of projects

54. Under the General Regulations, the Program is required to appraise the results of its activities. This obligation extends to all three types of assistance that the Program is authorized to provide.

55. With the exception of emergency operations, for which a simplified procedure applies, all projects undertaken by the Program are subject to both periodic reporting and final individual appraisal. Periodic reports consist mainly of brief accounts of operational progress derived from the quarterly reports submitted by governments in accordance with the project agreement. In the case of projects already operational, preliminary appraisal has been carried out for the purposes of this report. The final appraisal will in most cases be limited to a brief analytical statement of the extent to which the purpose of the project was achieved and to a description of its social and economic impact. A small number of selected projects of particular interest are being appraised in greater depth with the assistance of senior consultants or of representatives of the United Nations agencies co-operating with the Program. The final appraisal of projects is to be carried out on the basis of the above-mentioned quarterly reports, of records kept by the recipient governments and of data collected by Resident Representatives, WFP project officers or visiting officers of agencies co-operating in the field. The type of information required differs according to the nature of the project, but it always includes data relating to the economic and social development of the area in which the project was executed, and to the extent to which the nutritional status of the beneficiaries has been improved.

56. Final appraisals of each project will be submitted for comment successively to the recipient government, the co-operating organizations concerned and the Intergovernmental Committee.

57. It will not be possible to complete the final appraisal of most WFP projects until after the end of 1965 as they will still be operational in the following year. Under the circumstances mentioned above, a number of interim appraisals of representative projects have been conducted in the last few months to serve as a basis for the preliminary over-all evaluation of the Program's activities to 1 November 1964, for use in the present report.

Study program

58. Under the arrangements and procedures established by the General Assembly and the FAO Conference, the Secretary-General of the United Nations and the Director-General of FAO are required to ensure that expert studies are undertaken to aid in the consideration of the future development of multilateral food programs. The Secretary-General and the Director-General have delegated organizational responsibility for carrying out these studies to the Executive Director, on the understanding that he would avail himself to the maximum of the facilities of the United Nations, FAO and other appropriate specialized agencies and intergovernmental bodies.

59. The Intergovernmental Committee, after taking into account the views expressed by various bodies with special competence in the subject, recommended that studies be undertaken on the following topics:

1. The demand for food, and conditions governing food aid during development.
2. The impact of food aid on donor and other food-exporting countries.
3. The linking of food aid with other aid.
4. Operational and administrative problems of food aid.
5. The role of multilateral food aid programs.

60. Studies on these subjects, for which the authors alone are responsible, have now been prepared by independent experts after consultation with the WFP secretariat and staff members of the United Nations, FAO and other interested agencies. A brief account of the content of the studies is given in Chapter III. The text of the studies will be distributed to all States Members of the United Nations and to all Members and Associate Members of FAO as soon as they become available, together with an annotated bibliography of material bearing on the subject of food aid. The studies and the bibliography are to be published in their final form early in 1965.

Administration of the Program

61. Under the General Regulations, the Program's activities are conducted through two organs. The UN/FAO Intergovernmental Committee, which at present is composed of 24 Members of the United Nations or FAO^{1/}, normally meets twice a year to exercise, on behalf of the two parent organizations, general guidance on the policies, administration and operation of the Program, and to examine and approve development projects. The Committee reports annually to the Economic and Social Council of the United Nations and to the FAO Council on the development of the Program. The joint Administrative Unit, headed by an Executive Director appointed by the Secretary-General of the United Nations and the Director-General of FAO in consultation with the Intergovernmental Committee, operates the Program in accordance with the General Regulation and the directives given by the Committee.

62. Although the Program enjoys a certain degree of autonomy, it does not possess an independent juridical personality. The Executive Director, as the Program's legal representative, acts by virtue of a delegation of authority which he has received from the Secretary-General of the United Nations and the Director-General of FAO on behalf of the two parent organizations.

63. A trust fund has been established in FAO under the FAO Financial Regulations, to which all contributions to the Program are credited and from which all expenses borne by the Program are met. General administrative and financial services for the joint Administrative Unit are provided by FAO on a reimbursable basis.

64. The joint Administrative Unit consists of the Office of the Executive Director and three divisions: The Program Development and Appraisal Division, the Program Operations Division and the Division of External Relations and General Affairs, all reporting directly to the Executive Director.

65. In carrying out its tasks, the joint Administrative Unit relies to the fullest extent possible on the existing staff and facilities of the United Nations and its operating programmes and agencies, FAO and other specialized agencies. In particular, advice is

^{1/} An increase of four in the Committee's membership was authorized by the General Assembly and the FAO Conference in 1963.

sought from these agencies in the examination and planning of individual projects. This co-operation has been strengthened by the appointment of liaison officers with the United Nations, FAO, ILO, UNESCO and WHO. The Program also maintains close ties with the Consultative Sub-Committee on Surplus Disposal of the FAO Committee on Commodity Problems for the purpose of ensuring adherence to the FAO principles of surplus disposal.

66. The United Nations TAB Resident Representatives are also representatives of WFP and serve as channels of communication between governments and the Executive Director. They keep the field representatives of FAO and other agencies fully informed of any request for food aid addressed to them. Where necessary, they are assisted by project officers appointed to supervise the storage and distribution of WFP commodities and assist governments in discharging the responsibilities assumed by them under the agreements governing the implementation of projects. These officers are placed under the supervision of the Resident Representatives through whom they report to WFP headquarters.

67. The administrative expenses of the Program essentially comprise the costs incurred by the joint Administrative Unit and the reimbursements made to other agencies for the services rendered by them to the Program. The administrative budget of the Program is approved annually by the Intergovernmental Committee in the light of the advice received from the United Nations Committee on Administrative and Budgetary Questions and the FAO Finance Committee. The total administrative expenditure of the Program amounted to \$180,894 in 1962 and \$968,150 in 1963; and appropriations made for administrative costs for 1964 total \$1,583,300. The budget estimates presented for 1965 amount to \$1,812,700 and the total administrative expenses for the three years of the experimental Program are estimated at \$4,545,044, i.e. at about 5% of the total resources contributed to the Program by participating governments.

CHAPTER II

EVALUATION OF WORLD FOOD PROGRAM ACTIVITIES

Scope of current evaluation

68. Since the World Food Program is an experiment, appraisal of results of the aid provided must be an indispensable part of its activities. This has been carried as far as possible at this stage in order to provide a basis for the present report on the experiment. It can only be completed after the end of the experimental period. However, sufficient experience is deemed to have been gained to judge what multilateral food aid may be able to achieve in the future.

69. The present chapter attempts to present and analyse some of the factual material collected from reports and appraisal studies of the history and performance of WFP activities as they stand at the beginning of November 1964. It contains three sections. The first deals with WFP experience in undertaking emergency feeding operations in all parts of the world. The second section gives a brief account of a number of projects which are already operational, and mentions some of their most salient features of interest. The third section presents an analysis of the problems which have been found to arise in developing projects through their successive phases, beginning with their planning, until the final stage of their operation.

Evaluation of emergency operations

70. The World Food Program engaged in 17 different emergency feeding operations in 16 countries up to 1 November 1964. Its experience during that period has amply demonstrated two significant facts in regard to emergencies. In the first place, during the earliest days of an emergency there is an almost universal tendency to overestimate the number of people requiring food aid. Secondly, several weeks are ordinarily required to move food from abroad into the stricken area.

71. It is only natural that during the period of shock immediately following a natural disaster or the confusion attending political disturbances resulting in the mass displacement of people, the magnitude of the need for food from outside the country should be difficult to estimate. The existence of acute needs is obvious, and it is perhaps natural to equate "acute needs" with "large needs". Because the conscience of the world is touched by the spectacle of hunger and imminent starvation, there is a tendency to ask for all available help. It is only later, when it is possible to make a more accurate count of the people in need and a more careful assessment of the destruction of food stocks, growing crops, and livestock, that the actual need for outside help can be determined with reasonable accuracy.

72. Of the 17 cases in which the Program has met requests for help, six were investigated on the spot by an officer from WFP headquarters before a recommendation for the release of WFP foodstuffs was made to the Director-General of FAO; while in two other cases WFP project officers on duty in the country appraised the situation before such a recommendation was made. In the other nine emergencies action was taken on the basis of information provided in the requests made by the governments concerned and supported by the TAB Resident Representative and the FAO Country Representative. Despite these attempts to appraise objectively the actual needs for outside help, it appears that in several cases these were overestimated and more food was supplied than was actually needed. In Tobago, for instance, flour was still on hand when the emergency feeding had ended. In Indonesia well over half of the foodstuffs furnished over a 14-month period were still on hand when the emergency feeding operation ended

on 31 August 1964 and the supplies were transferred to a rehabilitation project in the same area. In Morocco, more wheat was supplied than was actually needed to replace national stocks issued for emergency relief and reconstruction. In British Guiana, the number of displaced persons requiring emergency help during the current civil disturbances has probably been overestimated. In Pakistan, dried fish was still on hand long after the emergency had passed, suggesting either overestimation of needs or a too sanguine view of the feasibility of distribution to those in need. The failure to distribute available supplies in Indonesia was probably due more to an overestimation of the ability of the authorities concerned to carry out distribution than to an overestimation of physical needs.

73. However, whatever the nature of the error may have been in each case, the fact is that in over one-fourth of the emergency operations undertaken up to 1 November 1964, more food was supplied than was needed or could be effectively distributed, despite careful examination of the situation in each case before a decision was taken to recommend the granting of emergency food aid. As a result of this experience, it has now been decided to carry out wherever possible an independent appraisal of needs before acting on a request for emergency food aid and to be conservative in responding to such requests, taking corrective action by supplementary grants if needs should prove to be larger than originally estimated.

74. The second problem referred to above, that of moving pledged stocks into emergency areas within a reasonable period of time, has been attacked in a number of ways, each of which is effective under some circumstances but not in others. The truth is, of course, that only food which is physically present in, or very close to, the area of emergency needs can be actually consumed by the needy during the first few days or even weeks after the disaster. It is for this reason that voluntary donations from immediately adjoining areas and gifts of money which can be used to purchase food near the disaster area are particularly useful during the first days. Citizens of the country itself, the national Red Cross organization, other voluntary agencies, the League of Red Cross Societies, and foreign diplomatic missions with emergency funds at their disposal are, therefore, usually the first to respond with effective help. However, these resources are normally exhausted within a few weeks, at which time more systematic and sustained assistance is needed. Even to supply aid three or four weeks after the disaster requires more than a routine drawing upon pledges in donor countries.

75. By far the most satisfactory procedure in countries where national stocks exist which can be drawn on in emergencies is to enable this withdrawal to be undertaken by guaranteeing replenishment. This was done in four cases, i.e. Cuba, Iran (for seed wheat), Morocco and Uganda, and made possible the timely distribution of food or seed. Another expedient, resorted to in Thailand, was the borrowing of canned milk from commercial stocks and their subsequent replacement. A few tons of food were air-lifted by the United States to help meet initial emergency needs in Congo (Brazzaville) while the bulk of the supplies was shipped from WFP project stocks in Ghana, upon the promise of replacement. Stocks of maize already afloat in South Asian waters were diverted by the United States, at the Program's request, to Indonesia to speed the receipt of maize in Bali. In order to shorten the time required to land food supplies on hurricane-stricken Tobago, food was borrowed from Barbados and replaced by the Program when supplies from donor countries had arrived in the Caribbean. Emergencies have also arisen in three countries where WFP projects were already in operation and WFP-supplied food stocks were present; and in all three cases supplies intended for projects were diverted to meet emergency needs and are subsequently being replaced as required.

76. In the case of seven emergencies, however, none of these expedients could be employed, and no supplies were provided as a result of WFP action, until they arrived by sea from the donor countries, a process which took anywhere from a few weeks to several months. Even in the cases already noted, where one or a few commodities could be borrowed or diverted from nearby sources, others arrived only after shipment from distant origins. While the food supplied has without exception proved useful, it must

be admitted that the tea and sugar supplied to earthquake victims in Iran and the vegetable oil and beans supplied for political repatriates in Dahomey were so late in arriving that they hardly met any emergency needs. The dried whole milk and dried fish supplied to typhoon victims in Pakistan and the wheat flour supplied to Syria for flood victims would have been much more useful had they arrived a great deal sooner.

77. In other straightforward relief operations, such as that in Sarawak (now part of Malaysia) after extensive floods, and the supply of 10,000 tons of beans to Algeria for people without means, primarily repatriates from Tunisia and Morocco arriving in the country after the cessation of hostilities in Algeria, the need continued long enough for the supplies to be effectively utilized upon arrival.

78. Aside from emergency feeding operations per se, the Program has undertaken two projects arising out of disasters which are of the same character as its other development projects. One now completed, accelerated the rebuilding of Skopje, Yugoslavia, following its destruction by an earthquake. The other, just commencing, is intended to assist in the rehabilitation of the areas on Bali, Indonesia, devastated by the 1963 volcanic eruptions. The former, which came about because investigation disclosed that assistance in reconstruction was needed rather than emergency help, has been highly successful. The latter, which was initiated because it is believed that emergency feeding operations should not be continued indefinitely but should be replaced by a more constructive use of food, cannot be judged at this early stage, although difficulties to be surmounted can be seen.

79. The conclusion is reluctantly reached that it is important to make clear to countries suffering disasters what are the inevitable limitations and delays to which the supply of WFP emergency food aid is subject, in order to avoid the raising of hopes which cannot be fulfilled.

80. What can the Program do within these limits? First, it can supply experienced investigators to appraise the magnitude of needs and the probable efficiency of the machinery for distribution and co-ordinate WFP action with that of governments and voluntary or local agencies, taking into account the availability of supplies from each potential source. Secondly, it can attempt to shorten the time required for WFP supplies to reach the area of need by promising replacement of stocks already in the country, borrowing from neighbours, diverting supplies already afloat, and, on rare occasions, if possible, arranging for an air-lift of urgently needed food. Thirdly, by means of orderly drawing on pledged commodities from donor countries and shipment of such supplies by sea, it can meet needs which still continue after voluntary or local help has ended. Fourthly, if resources from all contributors appear to be inadequate, it may recommend to the Director-General of FAO the launching of a special appeal for emergency food aid. Finally, it can where necessary negotiate with governments agreements for the supply of food to reconstruction or rehabilitation projects designed to repair the physical and economic damage done by disasters.

Preliminary findings from a selection of development projects

81. By 1 November 1964, 94 projects, including a number for the feeding of pre-school children and of other special groups, had been approved. Of these, 51 were operational (that is to say, all the necessary inquiries and negotiations had been completed, and shipments of WFP supplies had been arranged) and were in different stages of implementation.

82. Under the General Regulations, the results of WFP aid in all projects carried out are subject to appraisal after the aid is concluded. As already noted, this will mean having to wait some time longer for final appraisal: probably in most cases beyond 1965.

83. For the purposes of this report the Executive Director undertook to conduct a series of preliminary appraisals of projects on which work had already started; that is to say, all those which were expected to be operational by 1 November 1964. Some of these appraisals were entrusted to co-operating United Nations agencies, which selected projects in fields of particular interest to them. Other projects were referred for appraisal by outside consultants, both because relatively greater progress had been made in them and because they exhibited a number of special characteristics (such as their large size, and the multiplicity of problems involved), which gave them claim to a closer and more comprehensive examination. An interesting wealth of material has been gathered as a result of these inquiries.

84. Except in the case of Skopje in Yugoslavia, where all operations were wound up by 30 June 1964, the material available on such individual projects is by no means final or conclusive, but certain lessons of a general character can already be seen to have emerged and these deserve to be considered. In the succeeding section of this report, problems have been discussed as they are seen to arise in the course of the successive stages of preparation, scrutiny and action, through which all projects have to pass, according to established procedure. The present section presents a brief account of some of the projects themselves, the objectives that they aimed to achieve and the concrete developments which have taken place until now in the course of their execution. These provide a sample of case histories from which to distil the more generalized conclusions considered in the following section.

85. For this purpose it is best to group the projects into the same four broad categories as were indicated in the preceding chapter. Thus, the first group concerns projects for land settlement or colonization, such as in Bolivia, British Guiana, Ghana, Jamaica, Sudan, Surinam, Tanganyika, and the United Arab Republic. The next group is concerned with projects for livestock development, such as the livestock feeding projects in India and dairy development in Nepal, and improvement of sheep husbandry in Jordan and Syria. Next, there are projects mainly focused upon the provision of productive work for the unemployed and under-employed who are not able to contribute to the economic progress of newly developing countries: afforestation work in Sudan and Turkey, land reclamation and flood control in Chad, China and Korea, and promotion of multi-purpose rural development through community development or similar mutual aid activities in British Guiana, Ceylon, Iran and Senegal. Finally, there is a group of school feeding and other special feeding projects in Afghanistan, Bolivia, Guinea, Mauritania and Togo.

86. Some of the projects enumerated exhibit more than one development characteristic, as is to be expected, and may claim to belong to more than one of these groups. For convenience, however, they are treated here under one category only, according to what appears to be their most dominant trait. Again, a number of projects now under way exhibit certain special features interesting enough to deserve mention. These are for the reconstruction of Skopje, industrial and mining extension in Turkey, restoration of railways in Jordan and Syria and multiplication of improved seeds in Burundi.

(a) Settlement projects

87. One of the largest of the settlement projects is for Bedouins in the north-west coastal desert of the UAR, to which the Program has committed \$3.4 million of its resources, and the Government nearly four times that sum. Here a determined effort is being made to transform the way of life of the Bedouin desert nomads. Slowly, village after village is being built, around the central site of the project at Bourg-el-Arab, with co-operative societies, cottage industries, training schools, and tree nurseries designed for arid zone plantation. The process of change, clearly visible to the onlooker, affects three groups, and is being accomplished in as many stages. First, in the 4,000 families who have already settled, the change is seen to have been substantial: they have, in fact become agriculturalists, valuing their land above their camels and sheep. Then there is an intermediate group, which is "semi-settled"

because it wavers between an uncertain agricultural income and a less uncertain traditional income from wool and sheep's milk. Finally, there is the great majority, not yet convinced that the forms of progress embodied in the new windmills and wells, orchards of olive trees and brick houses, are superior to their previous way of life in nomadic encampments.

88. Nevertheless, it has been already demonstrated that change is possible. Settled Bedouins are gradually turning from their sheep to trading the produce of their new olive trees for more money. Their diet is becoming more diversified with the help of the supplies provided by the Program. Tea, wheat flour and barley, the last-named for their livestock, have proved very acceptable. Dried fish, canned meat and an unfamiliar variety of cheese have encountered local objections: but the animal feed is extremely welcome, since force of habit dictates that sheep be protected in preference to all other possessions, and WFP feed, by improving the sheep, helps to increase income. Fodder provided by the Program makes it possible for the Bedouins to avoid seasonal migrations in search of new grazing areas for their animals. These movements were formerly costly and every year the owners were obliged to sell half their sheep in order to cover the travel and grazing costs for the other half. Thus, the fodder program has proved to be an economic boon. WFP supplies are distributed through local co-operatives at concessional prices and the sales revenue provides the means for further investment in what is a worthwhile and strenuous undertaking, and one to which the Program has given wholehearted support.

89. The earliest of WFP-aided projects is that for the resettlement of the people of Wadi-Halfa in Sudan, who have been displaced by the rising waters of the High Dam at Aswan. The 50,000 persons involved are being moved 1,300 kilometers upstream to Khashm-el-Girba where land is being brought under cultivation with irrigation from a local dam constructed for this settlement. Between January and mid-September 1964, 32,000 people moved with their 15,000 head of livestock and arrived at Khashm-el-Girba. The WFP contribution is about \$1.6 million, as compared to \$71.8 million invested by the Sudanese Government. New villages have been laid out, and government services in the fields of health and education, including agricultural extension, have been made available. Arrangements have been made for mixed farming and for the cultivation of both food and commercial crops. The WFP supplies, as in the case of all settlement projects, are expected to tide over the period of transition until the settlers can become self-supporting. Current progress suggests that this huge operation will run according to schedule.

90. An important project in Ghana assisted by the Program is for resettlement of the 80,000 people displaced by the damming of the Volta river. The Program's commitment here is \$1.4 million, while that of the Government, which was estimated at \$14.1 million at first, is now estimated to have increased to about twice this figure. Operations are well under way; about half the settlers are already receiving food; and the construction of villages was about 80% complete by October. However, agricultural clearance, which is an essential preliminary to the creation of new incomes, has only been carried out to 12% of schedule, so that most of the settlers who have already moved are likely to continue to suffer hardships until the harvest season of July/September 1965. In fact, those who have not received cleared land will have to struggle for a further period, and consequently a request for the prolongation of WFP assistance is anticipated.

91. Tanganyika has undertaken two groups of settlement schemes with WFP assistance. Compared with the operations in the three countries cited above these are very small; but they have proved much more difficult to organize. They do not involve the transfer of masses of settled farmers from one location to another; in many cases they are new settlements designed to attract the unemployed from urban fringe areas to farming. The process of selection and re-training has proved understandably difficult and progress is uneven. Advances have been registered in only seven out of nine selected areas, and the Oxford Committee for Famine Relief, which undertook to help the Government to meet the cost of inland transportation of WFP supplies and made some initial grants to this end, has expressed some concern about tardiness in reporting.

92. . A WFP-assisted resettlement project in Bolivia has run into serious trouble. The Program's contribution in this case is worth \$2.5 million, against \$16.7 million from the Government, a large part of which comes from a loan from the Inter-American Development Bank. The figures indicated for the number of settlers to be moved proved to have been grossly over-estimated and the most recent investigations disclose that, in place of the 14,400 families originally expected, no more than 925 have arrived. There is also reason to doubt whether the areas selected for settlement are in all cases suitable for farming. The first instalment of WFP supplies was, however, dispatched according to schedule, with the result that there are enough supplies for distribution to settlers for several months. Most of the commodities are still in storage at the port in Chile from which they have to be moved into this land-locked country. Negotiations are continuing for the revision of the requirements of WFP aid for the Bolivian project and for diversion of excess stocks to other suitable projects in the region.

93. The Program is participating in a settlement project in Jamaica involving 184 families, whose breadwinners were rendered redundant by the mechanization of sugar cane production in an adjacent area and who are being resettled on some 200 hectares of land donated by the sugar cane company. The cost to WFP is \$90,000 only, as against \$515,000 of local investment. The new holdings are expected to supply vegetables for the market, and WFP aid is to tide the settlers over the period during which they are not able to provide all the food necessary for themselves and their families, constituting a total of 900 persons. The average size of the family plot is about 1 hectare, hardly sufficient to convince all the settlers to devote their energies to farming, and some of them are looking for better or supplementary occupations. Thus, this small project is to some extent hardly more than a holding operation, although it may be that those remaining will develop a more complete livelihood if they have the opportunity to add to their own plots the land of other settlers who eventually sell out and leave on finding other employment. The project is expected to achieve its targets, although closer participation of the settlers in the planning and execution of the undertaking might have lightened the task of the public authority responsible for it.

94. A resettlement project at Brokopondo in Surinam is designed to provide new farm land for 5,000 people evacuated from a lake area forming behind a new dam. The WFP commitment in this project amounts to \$213,000, against \$1 million from the Government. The difficulties of communication and of distribution to settlers are proving to be very great, although the local administration appears to be fully aware of them, and a project officer provided by the Program is rendering considerable assistance. Difficulties of integrating the settlers have also been encountered, but it is hoped that with time the obstacles involved can be surmounted.

95. Land settlement is also planned for four areas in British Guiana, with \$550,000 of WFP assistance, and a government investment of \$6.4 million. The reports on farming conditions in one of the four sites are favourable; in another, the technical and economic potentialities are reported to be still largely unknown. The two other locations will however, be handicapped by lack of access to markets. A hopeful feature reported is that in some places work had already been started without waiting for the arrival of aid.

96. All land settlement projects attest the importance that is to be attached to careful planning and preparation: these should include an adequate assessment of the farming potential of the locations chosen; assurance of the needed infrastructure comprising roads and other facilities; credit and extension assistance; the careful selection of settlers; and proper follow-up attention by the administration. Such measures naturally call for heavy capital investment; but WFP food can assist operations only when these prior conditions have been adequately fulfilled. While food aid can play a key role, it is clear that these projects can benefit from this aid only if they are prepared in a far more detailed and careful way than is possible in a three-year

experimental program. For this reason, the projects that are likely to show the most success are those which were planned before the Program was approached or considered, such as those in the Sudan or United Arab Republic, or the more recently approved San Lorenzo project in Peru. Although a substantial proportion of the WFP resources devoted to this field of activity appear to be resulting in sound investment, they are primarily to be regarded as being the price paid by the Program for charting possibilities for long-term action.

(b) Livestock projects

97. Increase of milk production is to be doubly desired in most developing countries; it contributes to a much needed improvement in the people's nutritional status and, by encouraging mixed farming, improves land management and increases farm incomes. Among the soundest of the WFP projects aimed to achieve these advantages is the one at Anand in India, where coarse grains are being supplied for the preparation of a compounded feed, containing a mixture of local ingredients. The mixing plant where the feed is to be made represents an investment of \$2.5 million; the value of WFP aid is \$1.2 million. The machinery and the technical supervision it calls for have been made available by the generosity of the Oxford Committee Famine for Relief under the auspices of the Freedom from Hunger Campaign. The project is thus one of many examples of the way in which multilateral aid in food may be combined with other forms of foreign assistance to make a viable undertaking. The assurance of success in this case lies in the fact that the enterprise is run by one of the best organized milk co-operatives, which is promoting an extension program among its members as well as selling the feed mixture to them, so that locally produced feed grains may take the place of WFP supplies by the time WFP aid comes to an end.

98. Improved milk supply is also the theme of a project in Nepal, in which WFP aid of \$40,000 is backed by a government investment of \$65,800. Because of the difficult conditions of milk collection and distribution in the Khatmandu valley, a chilling centre has been constructed to receive and store milk from about ten collecting centres before forwarding it to the central processing plant at Khatmandu. To equalize the considerable seasonal fluctuations in the quantities of milk available and so maintain output at a constant level all the year round, the project aims to produce toned milk during the dry season by adding skim-milk powder to the reduced quantities of whole milk then available. This will stabilize the milk market and encourage more dairymen to go into regular business. The Program is assisting the experiment by providing dried milk; and that part of the sales receipts for toned milk attributable to WFP supplies is to be used to construct further collecting and chilling stations. The Government proposes to provide the milk powder out of its own resources after WFP supplies are exhausted and until internal supplies have been expanded to take advantage of the increased demand.

99. Under the general heading of livestock improvement should be mentioned the work of improving the grazing conditions of herds under semi-desert conditions. The Program is helping in this task by assuring feed to camels and sheep belonging to Bedouin tribes in Jordan, Syria and the United Arab Republic, so that over-grazed ranges may be allowed rest to restore their vegetative cover, and surplus stock can be fattened for the market. This scheme is a constituent part of the UAR settlement project already described, and of the pilot project in the south of Jordan which aims at the provision of food for Bedouin agricultural workers and their families and a feed reserve for 90,000 sheep belonging to Bedouin sheep raisers. The Government has made all arrangements, supporting the Program's contribution of \$500,000 with one of \$100,000 in addition to the work earlier undertaken to the same end. In Syria a parallel experience is being tested, although in this case no food for human consumption is supplied. A WFP contribution of about \$750,000 is supported by \$600,000 from the Government. Both the Jordan and Syria projects extend over two growing seasons and it is expected that over-all improvement in the productivity of the ranges will have become appreciable by the end of that time through restriction of grazing, on the one hand, and reduction in the number of the herds, on the other.

100. Livestock projects present excellent opportunities for conversion of low-value cereal surpluses in donor countries into high-value proteins in developing countries. Present experience already makes it clear that two conditions are essential for their success: there must be simultaneous efforts towards domestic production of the feed supplies, initially provided from outside, or towards an expansion of the capacity to pay for them as commercial imports, and there must be a systematic plan for reducing the numbers and improving the productivity of the herds. These point to the need for closely integrated technical advice in planning projects for aid in this field.

(c) Labour-intensive projects

101. Labour-intensive projects offer classic conditions under which food can be made available for mobilizing unutilized labour in undertaking environmental improvements of long-term productive significance. Of the many projects in this category now under way, mention may first be made of those for afforestation and watershed protection in Turkey. In one case, the planting of quick-growing species of trees (a task calling for 1.4 million man/days of labour) will promote the conservation of soil and water, and will augment the natural resources of the country in the long run. The WFP contribution of less than \$1 million is accompanied by about \$7.5 million of government investment. The second project in this category is primarily designed to protect the Kizilcahamam watershed in Turkey by control of water in the tributaries of the Kirmir river. The activities to be aided in this project are all part of a rehabilitation operation, in which afforestation and road construction play the most notable part. One hundred kilometers of new hillside roads are to be built, and although afforestation is long-term investment, the returns of the project in terms of the other collateral activities to the 19,000 villagers, of whom many work on it in the off-season, seem almost immediate.

102. The planting of trees is also the aim of the Khartoum Green Belt project in Sudan, where about \$125,000 of WFP aid complements an effort amounting to five times this value, already undertaken by the Government to provide the capital city with this essential protection. The operations in this case are in charge of a Forestry Department of proved competence, and the prospects of success are bright.

103. Projects which provide for substantial employment and at the same time create enduring economic benefits are in progress in many parts of the world - with land development in Sahela-Sra in Morocco, the construction of secondary roads in Syria, the restoration of dykes in Lake Chad, the building of flood control embankments in the Republic of Korea and land reclamation in the Republic of China. The Moroccan project covers a pilot zone in the large Western Rif region, which is the object of a pre-investment survey undertaken with assistance from the United Nations Special Fund. WFP aid worth \$500,000 is backed here by over \$1 million of government resources. Progress has been somewhat slower than originally estimated, because of difficulties encountered in mobilizing labour; but attempts are being made to overcome them. The Syrian project, involving \$822,000 of WFP aid and \$1.3 million of government funds, is expected to make a vital contribution to communications and trade through the provision of 750,000 man/days of labour. The importance of the project in Chad lies not only in its contribution to maintaining the country's production of grain, which was threatened by flood damage, but also in its intent to discourage those who had been engaged in this cultivation from relapsing into their former nomadic way of life. The Program is supplying over \$400,000 worth of wheat for sale to a local flour mill, and proceeds of the sale are to be used to purchase local rations for the workers and their families engaged in restoring the damaged dykes. As Chad is a land-locked country, the cost of transporting WFP supplies there has been very substantial. Furthermore, the project got off to a late start; but the experiment is still to be considered important enough to be worth making, particularly in view of the proffered aid from the Oxford Committee for Famine Relief and the prospects of support from the EEC European Development Fund in its later expanded phase. It should also be mentioned that technical assistance from France is playing a part in this project. For the flood control work in the

Naktong river basin in Korea, the Program's contribution in food aid to workers building the embankments is worth \$183,000, while the value of the government contribution is half this amount. In Taiwan Province, there are three projects of this nature in operation: land development through co-operatives, the reclamation of tidal land, and the lining of drainage canals. All of these, excellently organized, promise completion of operations according to schedule. Together they involve a contribution of \$1.3 million from the Program and \$3.2 million from the Government.

104. Also among labour-intensive projects should be counted the self-help undertakings for multi-purpose area improvements in British Guiana, Ceylon, Iraq and Senegal. The two Ceylonese projects, for the construction and repair of numerous small irrigation works in one case and for diverse types of simple constructions for community improvement in the other, involve close to 1.4 million man/days in all and are carried out with the help of volunteer workers to whom the offer of WFP aid is expected to act as an incentive. The value of WFP commitments for the two projects is \$628,000 as against \$2.4 million of local contribution, a part of which is made up of assistance from the Netherlands. The Iraqi project is to help community development through co-operative action in one of the regions benefiting from recent land reform measures and is considered very promising. The WFP contribution here is \$392,000 as against \$523,000 invested by the Government. In Senegal, the rural community development programme is being assisted by the Program to the value of \$342,000 against the \$1.1 million allocated by the Government. In British Guiana a small contribution of \$90,000 from the Program is providing an incentive to the construction of school buildings with the voluntary labour of local communities. According to estimates, 58% of primary schools are overcrowded, and WFP aid will help to provide 8,000 school places out of 32,000 needed at present. This project has been realistically planned and the response of the local people has been promising.

105. Developing countries suffer from a scarcity of all production factors except unskilled labour. It is, however, possible with the supply of food alone to set this surplus labour to accomplish many tasks which, though necessarily simple for lack of improved equipment and skills, will nevertheless serve to build up social capital of great value for future progress. The projects cited above illustrate some of the possibilities, but there are many others. It is often claimed that they call for a great deal of organizing ability and that this is a factor which is no less scarce than any other, but undertakings like community development indicate that for simple labour-intensive works a great deal of the required organization can be decentralized, and so provide scope for the utilization of many local talents and capacities, which now remain unrecognized and therefore untapped.

(d) School feeding projects

106. Of the four principal categories of WFP-aided projects, that for the feeding of school students and other trainees presents the least number of apparent complexities. The food supplied is generally served by an institution in cooked form for immediate consumption, an arrangement which admits the least possibility of its misapplication or misuse. Controlled conditions also make it possible to assess with considerable accuracy the impact of the food on the direct beneficiaries, if not upon a wider circle. At the same time, food aid in this field can be recognized as providing support to a basic ingredient of social advance, no less than of material improvement. Poor diets are supplemented and nutritional habits reformed in age-groups where these advantages have a powerful effect. School attendance is improved, while support to middle-grade education and technical training schemes assists in the formation of a body of supervisory and skilled personnel whose availability is crucial to the process of development as it is presently shaping in many countries.

107. A project of this type in Mauritania exemplifies the emphasis given to secondary education: WFP aid of \$380,000 will permit a significant increase of enrolment at this level with an additional cost to the authorities of only \$65,000. One good result of

this project, which is receiving useful support from the FAO expert in the country, is to introduce the desirable habit of fish-eating to a people previously unaccustomed to it, although there are potential sources of local supplies, and fisheries and fish-processing industries have been recently established. In Togo a slight variation of the same problem of educational imbalance is encountered, in that the rate of school attendance is much lower in the north than in the south, with a consequent difference in the rate of development in the two parts of the country. It is hoped to correct this situation by encouraging attendance at schools in the north with the offer of meals prepared with WFP food in canteens built by labour provided with WFP rations. WFP aid here is worth \$220,000, while the cost to the Government is only \$44,000. Shortcomings in the local administration have been responsible for considerable delays in starting the feeding programme, although the local people who were to build the school canteens had responded enthusiastically with their voluntary labour. Meanwhile, the stipulated initial instalment of WFP supplies was delivered, but because of bad storage, these supplies are now reported to be in danger. Means are now being explored for pursuing the basic objective of the project after amending the original conditions in the light of the changed circumstances. In Afghanistan, the Program is contributing more than \$700,000 of aid to feed boarders in secondary schools in Kabul, where students aspiring to this level of education have to come for lack of facilities in the interior. The government commitment in this project for buildings and equipment exceeds \$1 million. The Program's contribution of \$390,000 in Guinea is to provide an incentive for sending children to technical schools; the investment on the Government's part is \$539,000. In Bolivia, \$508,000 of WFP aid is providing food assistance to 11 residential colleges for the training of teachers who are to staff schools in rural areas. This aid will enable the Government to double the number of trained teachers during the period of WFP assistance, thus making a significant contribution to the extension of primary education in the country. The extra cost to the Government in this case amounts to \$162,000. The relatively small supporting contributions made by governments receiving aid in school-feeding projects is to be explained by the fact that in most cases the buildings, staff and other installations are already available and the only additional cost involved in using food aid for an enlarged enrolment is that of internal transportation of the supplies and of equipment for cooking and serving.

108. The scope for food aid in support of educational schemes is limited only by the availability of complementary resources, including organizational skills. In Chapter IV of this report reference is made to the recommendations of a United Nations inter-agency group meeting on this subject. The following comments may be pertinent at this point: considering the strain on their investible resources, most countries in process of development have to give priority to certain sectors and stages of education. If food aid is to be used as an instrument of this desirable policy, it must be selective in application. Secondly, care has to be taken to see that the recipient government or institution develops its own capacity to continue the improved feeding programme after outside assistance comes to an end. For this reason it is stipulated in suitable cases that the production of a number of the components of an improved diet should be taught in a farm unit attached to the institution being provided with food aid. In others it is laid down that the particular project should be a part of a more comprehensive plan of development, which also includes such production.

(e) Other projects

109. A few other projects not treated under any of the above categories are of sufficient developmental significance to merit attention. WFP aid in the form of protective foods was used by workers engaged in heavy reconstruction at Skopje in Yugoslavia after the earthquake in July 1963, and is stated to have made a notable contribution to their health and efficiency. The operations, which have now been concluded and are acknowledged to have been an unqualified success, cost \$1.5 million to the Program and over \$10 million to the Government. A group of three projects now being implemented in Turkey relate to the development of cement and pulp and paper production and to prospecting for mineral deposits. The total WFP contribution to

these projects amounts to approximately \$1 million, and that of the Government \$40 million. These, and a few other projects in the field of industrial development that are not yet operative, are of great interest in indicating how food aid can be used in furtherance of industrialization in certain circumstances; as, for example when food is provided in canteens at new factory locations or survey camps in inaccessible areas which cannot easily be served by established food markets and where a sudden influx of wage-earners threatens a sharp rise in local food prices, or to show how much better nutrition of workers can improve their productivity and reduce accident rates. This observation would apply particularly to the project for construction of a dam and hydro-electric installations at Naghlu in Afghanistan, where WFP aid is being used for distribution of cooked meals to about 8,000 workers engaged in the project. Mention may also be made in this connection of two projects in Jordan and Syria where food aid is envisaged as part-payment of wages to workers engaged in the restoration of the international Hedjaz Railway. WFP aid for the Jordan and Syrian sections amounts to \$142,000 and \$291,000 respectively, while the government contribution is \$181,000 in each case.

110. Of very special interest is a project in Burundi for the propagation of improved seeds for a number of local crops. In return for WFP supplies, stocks of pedigree seeds raised in the local agricultural research institute and issued to selected farmers for multiplication are recovered from them, so that these may be used as further breeding material instead of being retained for consumption. The project has made a very promising start with contributions from the Oxford Committee for Famine Relief and under the enlightened leadership of the research institute producing the improved strains. It is hardly possible to imagine a more striking demonstration of the use of food aid as investment for expanding production in the future.

Project planning and implementation

111. In the preceding section, the preliminary results of the projects so far launched have been discussed but it is too early yet to judge the extent to which the objectives of the projects are being achieved. In any event, their success will obviously depend a great deal on the way in which they are planned, prepared and implemented and it is this which is analysed in the present section.

112. The projects themselves are not, as a rule, novel in purpose, but the use of food aid in supporting them is a more original feature, and the devising and taking of steps to employ food in a way which improves, enlarges and accelerates development projects is the main aim of the experiment undertaken by the World Food Program. Any evaluation of the experiment should therefore give close attention to problems and achievements associated with the formulation of projects, their preparation for approval their preparation for action, their implementation and their appraisal.

(a) Formulation and planning

113. Although WFP aid is given only on request from governments, an active policy has been followed in regard to project formulation because the number of projects received from governments depends on how well the Program and the nature and purpose of its aid is made known to them and how much technical guidance and help they receive in selecting and formulating suitable projects. It was deemed desirable to bring forward a number of projects sufficient to open up as wide a variety of types as is required for purposes of experimentation. Moreover, the larger the number of requests received, the greater would be the scope for making full use of WFP resources without any derogation from the high standards aimed at in project selection.

114. Nevertheless, the number of projects submitted up to the present has not been sufficient to satisfy these aims fully. More projects could have been put up were it not for such considerations as the following: the Program's inability to make a commitment to support a project beyond the limits of the experimental period; the need to have,

for purposes of appraisal, projects which could either be completed, or could reach the end of an identifiable phase, within this period; the restrictions placed by the Program on the sale of its foods; the need to have projects which could be submitted without too much delay - i.e. those which could be formulated and the other resources required for them found quickly, and those whose planning had started well before the Program came into existence; reluctance to adopt very small projects because of the high proportion of fixed overhead costs; the Program's aim to avoid operating several projects of the same kind in the same country, and to exclude projects aimed solely at feeding while concentrating on those for economic and social development; and a shortage of both international and national staff available for formulating acceptable projects within the Program's terms of reference.

115. To mitigate the difficulties of starting on every front at once, the obvious step was taken of profiting from the existing knowledge and contacts of the established international organizations. Thus, many of the earliest projects formulated, as well as a proportion of those that continue to be received, have been shaped with the help of headquarters and field staff and technical assistance experts of these organizations, including TAB Resident Representatives, FAO country representatives and WFP liaison officers.

116. Field missions and visits were undertaken at quite an early stage by WFP headquarters staff, however, and, as noted in Chapter I, they had visited over 60 countries by March 1963. Without this extensive travel, the rate of which has been maintained since, it would not have been possible to bring forward the 193 projects received from the beginning up to 1 November 1964, or to complete all the preparatory steps leading to the adoption of 94 of them, 51 of which became operational by the date quoted. Progress continues to be made in getting people who are more accustomed to handling financial and technical aid to understand how food aid can best be employed for similar investment and pre-investment purposes.

117. Many projects required amendment and improvement before they could be adopted. Basic defects in some of the projects, or limitations on WFP aid itself, could not be removed and governments eventually withdrew these requests.

118. The WFP pro-forma prepared as a guide for the formulation of project requests has served its purpose fairly well, but frequently failed to elicit sufficient information for the further preparation and planning of projects in the first instance. This had to be made good through protracted correspondence and in some instances by visits to the countries and project sites.

119. Indifferent planning of projects has been responsible not only for a number of failures, but also for delays in subsequent processing, for ineffective implementation and, in a few cases, for wastage of supplies through errors in estimation of requirements. The situation may be expected to improve with greater understanding on the part of aid-requesting governments of the scope and conditions under which food can be effectively used in development. It is however, abundantly clear that too much care cannot be taken in laying down a sound foundation for a project at the planning stage and that governments will continue to require considerable assistance in this respect, most of which will involve inquiries and consultations on the spot by WFP staff. Unfortunately the strength of the WFP secretariat has so far been inadequate for this purpose.

120. The Program stresses the importance of an indication by beneficiary governments of the relationship of a project to their national development plans or policies. This is to ensure that projects are useful enough initially to warrant a certain degree of priority, so that provision of external aid is the only factor determining whether or not they will be implemented. Appraisal reports mentioned that in some cases WFP projects have drawn to them, from other activities, qualified personnel and other scarce resources. It is necessary for those responsible for economic planning and policy to be aware in advance of the extent to which this will happen and to decide

whether the WFP project merits it. An advantage of the "project approach", which is more evident in the case of food aid than for other aid, is that it obliges governments to plan cautiously. In particular, where food has to be handled, it emphasizes a need for careful logistic as well as financial planning. The "programme approach" (discussed in Chapter IV) can also have this advantage in these countries where planning has advanced sufficiently to profit from it.

(b) Preparation for approval

121. Project requests submitted to the co-operating international organizations for technical scrutiny have evoked comments of varying quality, after varying degrees of delay. An initial problem in some cases was that the request did not give sufficient information about the project to provide a basis for judgment. This did not matter in these cases, perhaps a majority, in which the commenting agency was already familiar with the project or had other sources of information about it. The most helpful and reliable comments received were those prepared in the light of a report from an appropriately qualified agency official or expert having first-hand knowledge of the area and the project. Quite useful comments, based on general principles and professional opinion, could still be made by agency staff lacking direct acquaintance with the area and the project. The latter gave a less secure basis for action, however. For example, to assess the feasibility of a land-settlement project one has to know the local soil and water supplies, the settlers' qualifications as farmers and their attitude to the settlement area.

122. WFP checks were less extensive in cases where another agency, such as the United Nations Special Fund or the Inter-American Development Bank, had already satisfied itself that the project merited its aid. It is now clear, nevertheless, that as a normal rule a project should not be adopted without a visit of adequate duration to the project site by an appropriately qualified official.

123. The General Regulations provide that main reliance should be placed on other organizations in the United Nations family for technical advice. Even without this provision, it would have been a practical impossibility for the Program to build up technical departments of its own in each of the specialized fields in which aid is given. However, while relying on the technical advice of co-operating agencies, the final decision rests with the Program on whether or not to adopt a project, which implies a judgment on its technical as well as other merits. In this connection, the reports of WFP staff on field visits are taken fully into account. An effort was made, when recruiting the WFP planning staff, to choose officials with qualifications in such relevant fields as economics, agriculture, rural institutions and community development. However, the variety of types of project is wide and the quality of staff work is obviously limited by the scope of knowledge and experience of each staff member and by the incompleteness of agency comments. Another source of difficulty is that the newly-fledged planning staff is asked to do many different types of work, including substantive planning, administrative preparation, computation (in regard to resources, rations, beneficiaries and other aid costs), and drafting - sometimes of a legal character - in working languages foreign to a number of them. Planning and operational staff need to work more closely together throughout each phase of activity and not to have in effect a chronological separation between their work - the former handing over to the latter when a project becomes operational. There is also a need for adequate consultant technical staff at headquarters (including the headquarters of co-operating agencies) and in the field to achieve improvements in project planning and processing.

124. In quite a number of countries project officers have now been appointed, after projects there became operational. Other projects, still in preparation in these countries, can be better planned because the project officer remains on the spot and can give continuing help. It is essential that in any new multilateral program provision should be made for field staff, who are generally needed on the spot well before projects become operational.

125. Nutritional policy is an inescapable responsibility of a multilateral food aid program which benefits from a broad and varied "food basket". The policy of the Program is to use food for subsistence both for investment and for nutritional improvement. Since the food is to serve as partial remuneration or as an incentive in addition to providing subsistence, the rations must not be too small or too large and should be calculated on the basis of human needs; the foods included should be attractive and they should either meet existing tastes or create only new tastes that can continue to be satisfied after the termination of aid. This is achieved in a number of projects because they directly augment local capacity to produce the new commodities and in other cases because the projects build up the economy and thus make it possible for the country to export more and have means to import the new foods. For example, wheat cannot be produced in many parts of Africa. It is only wise to supply it to those countries that can grow it or that will find it possible and desirable to import it when wheat surpluses are no longer available as aid. The latter may be in a distant future but there is also the political question of how heavily a country wishes to be dependent on external aid. It is a different matter to become dependent on the imports from a neighbouring country. For instance, WFP aid may help Chad to become the "bread basket" of that region of Africa. In the case of Mauritania, increased production and consumption of fish is a significant element in the development plan because of the large fishery resources near at hand which can fill a major protein deficiency in a population not yet accustomed to eating fish. As has been noted above, provision of dried fish in the foods WFP is giving to make meals for all secondary school children and vocational trainees in Mauritania helps to stimulate a local taste for fish, now lacking, especially since these children may eventually move into positions of status and influence and their habits are likely to be imitated.

126. The acceptability of WFP foods has been found to depend upon two factors. First, it is considerably increased if some education is undertaken when the food is distributed. Effective action of this kind has overcome initial adverse attitudes toward certain WFP foods in Ghana and has won acceptance of foods that are unknown or not consumed in Afghanistan and Mauritania. People need to be reassured about food items that are new, or provided in a new form or flavour, and one obvious but frequently neglected step in this connection is to show them how to prepare the food so that it is tasted to its best advantage. A well-known example of misuse is that of badly-mixed skim milk powder, which can give children intestinal disorders and thus may turn the population stubbornly against it. Secondly, it is easier to introduce people to a new diet if their whole environment is changing at the same time. For example, in the project for resettlement of the population of Wadi-Halfa in Sudan the people grew accustomed to a new diet without difficulty. On the other hand, in the Bedouin sedentarization scheme in the United Arab Republic, where there was not nearly such a great alteration in environment and where the change was much more gradual, neither fish, meat nor cheese were particularly acceptable and the recipients preferred to sell them. It can, of course, happen that a food item will be sold because of its high market value, irrespective of whether the recipient likes to eat it or not, because he prefers the cash, which he may not even spend on more familiar foods.

127. There was at first an ambivalent attitude within the WFP secretariat regarding the emphasis to be placed on nutritional policy, but experience has shown that nutritional considerations cannot be neglected. The present aim is to provide as far as possible from pledges a ration which, together with fresh and perishable local foods also available to the beneficiaries, will make up a complete and balanced diet. When the beneficiaries are almost entirely dependent on the Program for their sustenance during the project period (as in the case of land settlement) a WFP ration is provided which will give an average intake of 2,200 calories per day per family member, including 50 to 70 grams of protein - according to the protein commodities supplied - and 40 to 50 grams of fats.

128. In cases where the quantity of local foods available is more substantial, the amount of the WFP ration is reduced pari passu and the same over-all nutritional target is achieved. This explains how in the case of some projects the ration provided

has given as little as 600 calories. On the other hand, in cases where workers are separated from their families and WFP food is to be distributed only to them, the calorie level aimed at is higher, because a worker consumes more than the average family member. Also, account is taken of the severity of the work to be done. In the case of projects for the benefit of specific groups such as expectant mothers, pre-school and school children, and students, rations to meet their particular needs are devised. The variation in rations required to compensate for climatic differences as between the countries (mostly tropical) that are aided is taken into account but is so small that it calls for little or no adjustment to the calculation.

129. In a majority of cases food quantities initially requested by governments have to be reduced, as they exceed these standards. At a later stage, when projects are implemented, it becomes necessary in many instances either to reduce further the total quantity of WFP aid, or to approve an extension of the period over which it is to be provided and used, because many governments tend to over-estimate the number of beneficiaries and under-estimate the time required to build up the numbers of people at work in a project. Better planning in future will enable this difficulty to be avoided. Beneficiary governments have, in fact, a strong incentive to make improvements in this respect because they have to bear the internal storage costs of excessive WFP stocks.

130. Once rations and quantities required in a project have been determined, and it is concluded that the project will, after technical checks and possible modification, be adopted in due course, the availability from pledges of the commodities required has to be verified, and the amounts earmarked, by correspondence with donor countries. The patience of the latter has been tried in cases where earmarkings have had to be revised more than once due to changes in projects and in the wishes and requirements of beneficiary countries.

131. One country has had to reserve the right to refuse to give pledged commodities through the Program to a particular project or country, and this could in effect prevent the implementation of projects requiring a particular commodity, which only that country has pledged to the Program. As is noted in the following chapter, one of the WFP consultant studies (No. 4) concludes that this diminishes the multilateral character of the World Food Program.

132. It is hardly necessary to state that projects are carefully checked to verify that they conform to WFP policies - for example, that the provision of food as aid will lead to additional food consumption and to additional production or productive capacity in the economy and that sales of food will be counterbalanced by repurchases of the same or similar food by workers paid from the counterpart funds for their work or for the tools they made from local materials, for a project. Rigorous insistence on respect for the basic policies has certainly not made implementation of the Program quicker or easier, but it has helped to win the confidence of donor countries and other food-exporting countries in the Program. At the same time, it has served the long-term interests of agricultural producers in countries receiving food aid by guarding against an uneconomic decline in food prices. The Consultative Sub-Committee on Surplus Disposal is regularly consulted and has generally given its views very promptly and raised few objections.

133. Workers in WFP projects have enjoyed the protection of ILO policy guidance and standards - ILO conventions and recommendations applicable to WFP activities are adhered to in each project, irrespective of whether the beneficiary country has ratified the conventions or not. In the case of only one country, projects were withdrawn because they involved the use of forced labour as interpreted in the application of an ILO convention. Little opposition, and indeed much support, has been encountered from trade unions.

134. However, the attitude of workers to partial remuneration in food has to be taken into account and continually watched. The Program seeks to ensure that the part of the wages to be paid in cash is fixed as an appropriate percentage of the prevailing wage for such work in the locality. The market value of the food given as the other part of the wage is not particularly relevant so long as the worker and his family want to eat it and not to sell it. As noted above, it is the Program's aim to provide food that the workers would want to consume - or will with only a little education. But where this policy does not succeed - instances of failure have been given - the worker will tend to sell the food. It is not easy nor indeed fair to ask him not to do so, for he rightly feels that he has earned it and that he can therefore do as he likes with it. The scope of food aid depends upon the ability to supply foods that will be wanted because sale of the distributed food will displace commercial sales and because, under the ILO Convention on the protection of wages, wage-earners can only be remunerated partly in kind, in terms of items which are useful to them and which they do not have to sell. In fact it is a facet of development that a growing number of wage-earners come to prefer payment wholly in cash, even though this is not required by either international or national legislation (with the exception of a few countries). It is suggested in Chapter IV that the sale of WFP foods to finance payrolls might be permitted in a larger proportion of projects under a new multilateral program. In any event, experience to date has shown that food aid appears to have wider scope when used as an incentive to mobilize the self-employed in projects for their own benefit than when used as a wage in projects to expand the productive employment of wage-earners.

(c) Preparation for implementation

135. Like other aid-giving international organizations, as well as bilateral food-aid programs, the Program does not provide aid to a project until a formal agreement is signed with the beneficiary government specifying in considerable detail the formal obligations on each side. Subsequent modification of the project has called for formal amendment of the agreement. All this has proved a very time-consuming process and it has come in for criticism. But there is a need to ensure that adequate preparatory measures have been taken before a project starts: drafting of the formal agreement requires checking of these measures and the agreement does give some safeguard to the Program against loss and wastage of resources when projects go wrong. It is also, of course, an assurance to governments that the Program will meet its obligations to them. What might be considered in a future multilateral program is to make a basic agreement with each beneficiary country dealing with general and common provisions, which can then be flexibly and expeditiously supplemented by simpler operational agreements for each project.

136. In Study No. 4, discussed in the following chapter of this report, it is noted that, in the case of 46 projects examined, the average lapse of time between their approval and the signature of an agreement was 92 days. While a minor fraction of this time is required for the drafting of the agreement, most of the delay arises in the capital of the beneficiary country where the agreement lies awaiting signature. It may well be that this delay will be naturally reduced in future as governments become more experienced in using food aid and will thus check at an earlier stage preparations and points which have tended to be overlooked until the draft agreement is received and brings them to mind - or recalls the steps that have still to be finalized (such as budgetary commitments) before the agreement can be signed. On the Program's side, there may be some scope for considering how the pro-forma for agreements might be further amended so as to reduce the procedural, legal and constitutional problems encountered in some beneficiary countries.

137. In the case of 36 WFP projects examined in connection with the aforementioned Study No. 4, it was found that an average of 38 days elapsed between signature of agreement and notification by the government that it was ready to receive the food supplies. This delay can probably be reduced as further experience is gained at the

national and local levels in the planning of projects, and especially of the handling and distribution of food. The same study has drawn attention to delays in the delivery of pledged commodities by donor countries after the date on which the Program calls them forward, which vary from an average of 38 days in the case of one country to 76 in the case of another.

138. Packaging has sometimes proved inadequate, and although further loss in subsequent shipments has been avoided by asking donor countries to provide stouter packaging, the extra cost has eaten into their pledges. Another problem is that of the size of the packages in which beneficiary governments wish to receive food in order to facilitate distribution to individual households or to facilitate sales on the local market in cases where the project agreement permits sales. The effects of inadequate storage and spoilage in beneficiary countries are greatest in the humid tropical areas, and fall with heaviest incidence on the cereals (whose bulk is largest and makes heavy demands on scarce storage space). Account has to be taken of the capacity and nature of facilities for handling shipments in the beneficiary country, especially where unloading takes place in small ports near to work-sites (in order to save internal transport costs) and where food has to be delivered over rough, narrow roads in small vehicles. For these and other reasons, packages often need to be smaller than the cheapest commercial pack. It is true that this drives up packaging costs, resulting in a more rapid exhaustion of commodity pledges, but the alternative is equally or more expensive repackaging in the recipient country, often with increased danger of spoilage or loss. The policy has been followed of attempting to meet the needs of recipient countries even if this involves additional inconvenience to the donor country and additional expense to the Program.

139. Chart II indicates graphically the time-lags involved in the processing of development projects. The top curve indicates the number of projects which are the subject of requests that have not been discontinued or withdrawn. It should not be overlooked that some projects have only been discontinued or withdrawn after a considerable amount of staff work has been undertaken. Careful attention is given to every request before a conclusion is reached, even though this may be negative. On the other hand, there are a few instances in which governments have withdrawn projects which appeared very suitable for WFP aid and in which WFP planning and preparation had been carried on over several months. The project for reconstruction following emergency aid to flood-stricken communities in East Pakistan was an extreme instance of this, since preparatory work had been carried to the point of signature of the project agreement, and only thereafter was it withdrawn.

140. The second curve, showing the number of projects approved, rises sharply on the dates when the Intergovernmental Committee was in session, since it was then that the Committee approved projects requiring more than \$500,000 worth of food assistance.

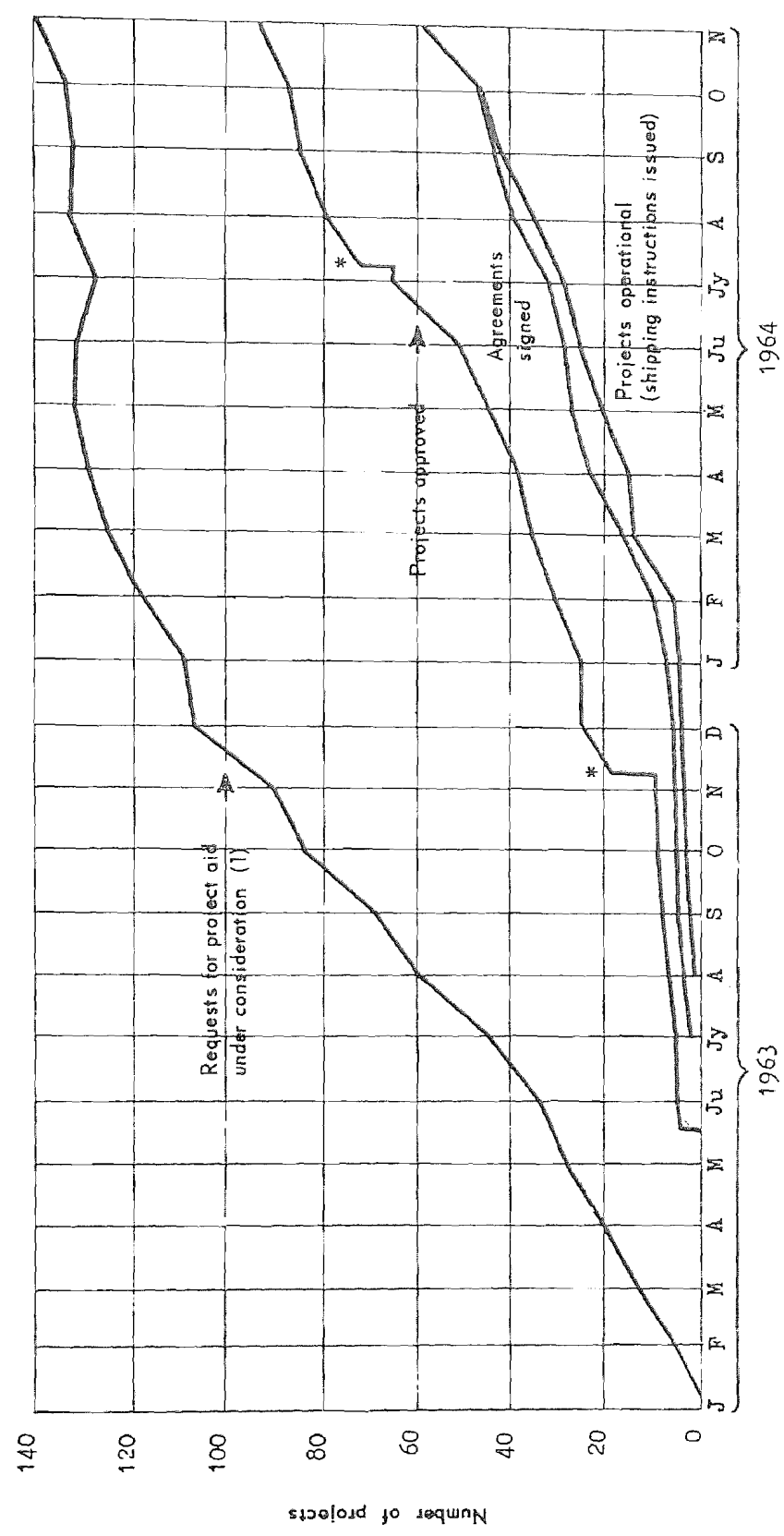
141. The third curve shows the rate at which agreements were signed and the fourth indicates the rate of issue of shipping instructions by the Program, at which stage projects are considered to be operational.

(d) Implementation

142. Some of the WFP projects longest in operation have developed satisfactorily (such as the resettlement projects in Sudan and the United Arab Republic), but others revealed difficulties from the start which may or may not persist. Inadequate on-the-spot scrutiny by the international staff is indicated by some of the problems but, since beneficiary governments have primary responsibility for implementation, success in this respect depends upon the capacity of the staff which they entrust to this task. This varies considerably, and only experience will show the minimum level of organizational ability needed, especially locally, for a government to make effective use of multilateral food aid.

CHART II

Progress in processing development projects



* Session of the Intergovernmental Committee

(1) The line indicates only projects retained for consideration and excludes projects as they are withdrawn

143. Beneficiary governments have already discovered that delays in making adequate budgetary provision for supporting services and facilities can hold up the execution of WFP projects. Sometimes these are due to the fact that the national budget was adopted before planning of a WFP project was completed, and that considerable time remains until the next budget can be approved. In some such instances financial assistance by the Oxford Committee for Famine Relief has proved invaluable in filling gaps. This assistance in most cases has been administered by the Program on a trust - fund basis without presenting many difficulties. This has demonstrated the value of combining food with other external aid in order to make a success of projects where lack of food is not the only local deficiency. One form of aid for which a need is increasingly felt is technical and operational assistance to governments in the handling and distribution of WFP food. A number of local administrations, unaccustomed to handling large quantities of food and unable even to visualize in advance what this involves, have failed to bring the food to the beneficiaries in time. In one country, for example, schools were built by voluntary labour encouraged by the promise of food which, after many weeks, had still not been distributed on 1 November 1964 although the WFP consignment for the purpose had been delivered to the port at the start of the work.

144. A difficulty created by the short life of the Program is that of synchronizing the delivery of the first consignments of different commodities, from different pledging countries, to the beneficiary country. Under a new, longer-term program, there would be less pressure to hasten the first deliveries and there would therefore be time to call forward earlier those pledges which experience shows take longest to be delivered. This can even be done with subsequent shipments during the experimental period.

(e) Appraisal

145. Preliminary appraisal for the purposes of this report has had to come at an early stage in the implementation of a majority of the projects that are already operational. It has proved quite revealing and helpful even though it cannot be conclusive at this stage. The pity is that there is not space in this and in the preceding sections to review in more than one or two sentences some of the most interesting findings of appraisals that have been competently conducted by outside consultants and co-operating international organizations.

146. Governments do not always meet their obligations to provide promptly adequate data in the progress reports required under project agreements. On the whole, however, this has not been a major difficulty up to the present.

147. Appraisal cannot be completed within the experimental period because the full results of many projects will only be seen after 1965. When they become available it will be possible for the findings of the whole appraisal exercise, from start to finish to be published.

(f) General problems and achievements

148. The main initial problem encountered by the Program was that it had to start its whole range of activities simultaneously - to formulate policies, to train staff, to make itself known and understood, to develop projects and to deal with emergencies without notice. A major continuing problem, which has beset the whole experimental period, is that the pace of work has had to be geared to an inadequate span of authorized life - each task has been performed according to an inexorable timetable rather than at the speed required to do it without risk of error.

149. Many of the problems encountered are not peculiar to food aid. Quite a number are not wholly within the control of WFP staff; donor and beneficiary countries are partners in the WFP experiment and only they can solve problems which remain their sovereign responsibility. Nevertheless, food aid does present its particular difficulties and there is as much room for improvement - which could come with further experience and a longer lease of life - in the work of international staff as there is in that of national staff concerned. One particular danger inherent in food-aid operations is the improper diversion of supplies. Happily, in the case of WFP projects, there have as yet been few signs of this particular evil.

150. Another major problem is that of synchronization. Food is combined with other resources in every project. Each of these resources - storage and distribution facilities, skilled manpower at all stages of execution, labour, equipment and raw materials at the work-site, working capital, technical assistance as requested - have to be available at the time they are required if the project is not to be delayed. Moreover, all the input factors must be synchronized at the appropriate - perhaps the only - time to do the work (e.g. before the rainy season). While this is true of all aid projects, it is of paramount importance in the case of food aid because food is bulky and perishable. If it is delivered on schedule and the other elements required for action are not ready, the food has to be stored, which is costly, and it will perish if the delay is too long, especially in the tropics and particularly in the case of less durable items such as dried fish.

151. This problem is linked, during the experimental period, with that of the short life of the Program. The world has its own pace of doing things and in developing countries this pace is sometimes slower than elsewhere. The World Food Program has set its own pace - everything to be done in three years - and wherever this is faster than concomitant action in the outside world, it is clear which party will have to give way on most occasions.

152. Administrative expenditure during the experimental period is being critically examined (for instance in Study No. 4 discussed in the next chapter). In this connection, due weight will no doubt be given to the fact that a substantial part of the expenditure has been in the nature of initial capital investment - in the process of innovation and making the World Food Program known. This exercise began with the acquisition of experience by the Program's own staff. It was followed closely by dissemination of the basic ideas through the international organizations and their field representatives to governments, non-governmental bodies and people concerned everywhere. Another major call upon administrative funds is the cost of experimentation itself. It should become cheaper to do many things in a new multilateral program that has inherited accumulated knowledge of how to simplify and accelerate procedures and to recognize and avoid blind alleys. At the same time, if the new program is also to continue its role of experimentation, administrative costs will have to be assessed accordingly, as is recommended in Study No. 5 discussed at the end of the next chapter.

153. There is another aspect of the Program's attunement with the outside world that is intangible and difficult to assess but which is nevertheless a real problem. A logical but somewhat abstract conception of how food aid can serve development has been formulated in the minds of international officials (and government representatives, it may be added) which is quite easily understood and appreciated by members of governments and senior officials in beneficiary countries. In response to this conception they plan projects, formulate requests and provide data to meet WFP policies and requirements. But when the projects are implemented, it sometimes proves that subordinate and field staff have not grasped this conception properly and that in some cases it transpires that the projects have been planned with insufficient awareness of local knowledge and understanding of the attitudes and motivations of beneficiaries. The solution to this problem is not easy. A new multilateral program must necessarily continue to depend on the accuracy with which national officials express and interpret the needs and conditions of each part of their country and their population, but in doing so should make every effort to avoid rigidity and acceptance of preconceived ideas.

154. Beneficiary governments and associated local authorities bear much of the responsibility for the good use of food aid, and where projects are proving highly successful this reflects favourably, not only on the Program's work but above all on that of the local personnel in the recipient countries. One important contribution of the World Food Program is that it broadens the experience of developing countries in deploying food aid effectively. It may be expected that, under a new multilateral program the proportion of projects that are highly successful will grow. In view of the difficulties and problems outlined in this section, it is an achievement that a substantial proportion of those being carried out now are a proven success or are making a good start. If speed of local action is not regarded as an absolute criterion of judgment, and if one can wait patiently for all the results for which there is potentiality, then the present picture looks even more promising.

CHAPTER III

SOME CONCLUSIONS OF THE STUDY PROGRAM

155. In Chapter I it was stated that five studies were commissioned on the role of food aid in development ^{1/}. Attention is focused in this chapter on those results of the five studies that are germane to the subject of this report - multilateral food aid and its future. These studies were carried out by independent authorities, and although consultations were held with the Executive Director and his colleagues, the final responsibility for the arguments and conclusions belongs to the authors themselves. Thus the experts' views, as summarized here, do not necessarily represent those of the Executive Director. The subject-matter can be broadly divided into two categories. The first comprises studies 1, 2 and 3, which are devoted to a general analysis of the problems and potentialities of food aid from the point of view of the receiving and the donating countries and which deal with the optimal role of food aid in the total complex of foreign aid. The second comprises studies 4 and 5, which are concerned with the operational problems confronting food aid programs, either bilateral or multilateral, and with the scope of multilateral food aid.

156. In view of the differing scope and subject of the two groups of studies, they are treated separately. Studies 1, 2 and 3 are treated in the following section and the other two in the concluding section of this chapter.

The role of food aid in development (Studies Nos. 1, 2 and 3)

157 The opinions of the WFP consultants who carried out the first three general studies seem to converge on one basic conclusion: namely, that while food surpluses will accrue in the coming years at an increasing rate, the opportunities for using them effectively in the developing countries may not expand commensurately. They consider that there was therefore a need for agricultural policies in the developed countries to undergo suitable changes in the long run in order to avoid turning food surpluses, which may at present be an asset to the world if properly utilized, into a burden - and possibly into an obstacle - to economic development itself.

158. FAO commodity projections for 1970 indicate the probability of a growing disparity between the demand for, and production of, certain commodities. This is believed to hold good especially for grains. The excess of grain output over commercial demand at normal prices is estimated at 5-8% of total world production in 1970. In the case of wheat there would be an excess of 8 - 9% over total demand (including both commercial demand and use as food aid on the assumption that the latter will grow by about 75%). Excesses (over commercial demand alone) as large as 6% are also expected for milk and milk products.

159 Moreover, these estimates of supplies are considered to be on the low side. They adduce two main reasons for their scepticism. First, crop yields in both North America and Western Europe are expected to be higher than had

^{1/} See paragraphs 58 and 59 above. The studies were prepared by Professor V.M. Dandekar of the Gokhale Institute of Politics and Economics, Poona (Study No. 1); G.R. Allen, in association with R.G. Smethurst of the Agricultural Economics Research Institute, University of Oxford (Study No. 2); Professor P.N. Rosenstein-Rodan and Professor S. Chakravarty of the Center for International Studies, Massachusetts Institute of Technology (Study No. 3); Dr. D.A. Fitzgerald of the Brookings Institution, Washington, D.C. (Study No. 4); and Professor J. Dessau of the Institut de Science économique appliqué, Paris (Study No. 5).

been forecast. Secondly, an increase in output in Europe is likely to emerge from the adoption of the agricultural policy of the European Economic Community at present under consideration. Obviously a sustained demand for food imports in mainland China could radically change the prospective imbalance of demand and supply in world markets but this represents such an uncertain element in the whole gamut of possibilities that it is normally not included in current projections.

160. It is believed that there is no likelihood that possible changes in the agricultural policies of the developed countries in the near future would restrain the emergence of very large surpluses. Such changes are usually conceived in terms of structural reform, which could be implemented either by farm price reductions or by incentives to induce farmers and hired labour to leave agriculture. But, quite apart from the political difficulties of carrying out policies of this type, it is doubtful whether structural reforms would actually result in a reduction of agricultural output. There is, on the contrary, a distinct possibility that the threat of withdrawal of artificial supports or even of productive resources would intensify the search for rationalization and higher efficiency, so that in consequence, output would not fall and might even increase.

161. This does not mean, of course, that changes in agricultural policies should not be contemplated, but rather that the more immediate benefit gained would be increased productivity rather than reduction in the output of surpluses. According to the WFP consultants, it is the application of modern science and technology to agriculture which in many Western countries has led to a rate of increase in productivity sufficient to outrun the growth of demand. This increase in productivity has also overtaken the rate at which productive resources, released for alternative employment by the increase, could be shifted to other sectors. So far as farmers and farm workers are concerned - some of them should be a part of this necessary shift - policies to maintain adequate incomes for them has kept up agricultural prices so that demand for food is less than it would be at lower prices, again accentuating the problem of surplus supply.

162. Ways and means have to be discovered of using the available surpluses efficiently in the face of these circumstances. This is in fact what has been tried out in the recent past. However, there is one inherent danger in this respect, namely, that the utilization of surpluses might retard the indispensable adaptation of agricultural supply in the developed countries to commercial demand. Mention may be made in this connection of the discussion in Study No.2 concerning the concept of "supply management". Here it is noted that there is wide agreement that food aid could be more useful to developing countries if, within an increasing total, greater emphasis were placed upon the production of high-protein foods (especially dried milk), and rice (for regions where it is strongly preferred to wheat as the main food grain), coarse grains and high-protein feeds (to foster the development of mixed farming), vegetable oils, cotton, and possibly tobacco. Such changes could help to raise living standards, as well as nutritional standards and incentives - which would lead to an improvement in the productivity of labour; they could contribute to higher soil fertility through the extension of livestock farming; and, by including in larger proportions those surplus commodities the demand for which is of relatively high income elasticity in developing countries, they could increase the scope for using food aid. Both bilateral and multilateral programs of food aid could be made more effective if the donor countries were to adopt policies that would reorient their pattern of agricultural production in order to reduce output of surplus foods needed less, and increase output of surplus foods needed more, by the developing countries. It is suggested in Study No. 2 that this would not raise serious problems of supply management within the donor countries, and that close international co-operation, especially between North America and Western Europe, would also facilitate a readjustment in pledges to a multilateral aid program in order to respond better to the needs of developing countries.

163. Whether the adoption of such a policy would lessen the danger of unwanted surpluses is very much of an open question. It is possible, but not certain, that the continuous shift of the production pattern, contingent on the implementation of supply

management, would provide the necessary flexibility of manoeuvre in agriculture and thereby give a breathing space for agricultural adaptation - a continuing process that is lagging behind in the pace it should maintain for balanced economic growth. A great deal of ingenuity is therefore required to steer a safe course in this complex situation. Meanwhile, there is no doubt that supply controls in developed countries aimed at reorientation of agricultural production, as distinct from its restriction, would enhance the scope and effectiveness of food-aid programs.

164. The supply of agricultural surpluses on concessional terms to developing countries should be viewed from two directions: the first considering their effects upon the commercial exports of third parties, and the second taking account of the absorptive capacity of the developing countries.

165. In general, the debate on the commercial implications of food aid in recent times has been dominated by the fear of damage to the trade of third parties competing for the export market for the same commodities. This concern, however, seems to the WFP consultants to be exaggerated since it does not take into account the indirect benefits which third parties might have gained from food aid. Such benefits are derived largely from the so-called "umbrella effect" of food-aid programs. But for the existence of these programs and the provisions in them for using food in ways which do not displace commercial demand, the full volume of surpluses would have reached the commercial market and thereby depressed prices severely, leading to very stiff international competition between exporters for market shares. Taking this aspect into account, it could be said that, among third countries, the main sufferers from food aid programs are not food exporters but the major commercial importers, particularly Japan and countries in Western Europe, which have been denied the benefit of the cheap imports that would have been available if surpluses had come on to the market. A few countries, exporters of such commodities as rice, do not benefit from an "umbrella effect" because the largest food aid program, that of the United States, diverts insufficient quantities of this commodity from world markets to affect them appreciably.

166. Much more serious, in the opinion of the consultants, is the problem of the capacity to absorb food aid of the developing countries themselves. No doubt this capacity appears very large indeed, since many of the developing countries are food-deficient and yet their development plans normally place heavy stress on the balance of payments for capital goods imports, so that little foreign exchange is left for other imports such as those of foodstuffs. However, the capacity to absorb food aid should be judged not only in relation to the possible effects of this type of aid on the economy considered abstractly as a whole, but also on particular parts of it, notably the agricultural sector.

167. The WFP consultants did not find themselves in a position to ascertain with any degree of accuracy what this absorptive capacity might be under dynamic circumstances in different countries, although, as already stated, their analysis does at least indicate that it might well fall short of the prospective availability of food surpluses. They examine the problem of absorption first from the viewpoint of the effect of food aid on domestic agricultural prices, and then, more profoundly, in terms of its effect on agricultural productivity and real incomes.

168. The opinion often advanced that a decline in agricultural prices would elicit in the developing countries a response essentially different from that of the developed countries is rejected by the WFP consultants. In both developed and developing countries, a fall in prices would very probably discourage many producers and therefore tend to cause a reduction in output. This is so because, even though prices are not by any means the only factor affecting output, they are an important consideration for the commercial farmer. The cases in which (because of a desire to maintain levels of cash income) a fall in prices elicits an increase in output are largely confined to small producers, most of whose output is retained for subsistence; the little which comes on to the market constitutes a small fraction of total supply. Since food aid in substantial quantities might result in a decline of local agricultural prices, it appears prima facie that its effects are likely to be detrimental to the domestic agricultural production of the developing countries and, by this token, to economic development itself.

169. However, the WFP consultants recognize that harmful effects could be avoided if food aid were granted as part of well-articulated over-all plans in the developing countries. To say, nevertheless, that development plans exist and form a self-consistent whole is not enough. They must also have a certain orientation. The rate of return in agriculture and thereby agricultural output depends not only on the price of farm produce but also on the price of non-agricultural products. Some of these are production ingredients or inputs, such as fertilizers, insecticides, farm implements, and so forth. Others are consumer goods bought by the farmers. The required orientation thus would mean in practice that investments have to be planned which promote productive activities directly and indirectly beneficial to agriculture in these ways. In this broader framework, food aid might be so planned as to permit additional investments to augment the availabilities of inputs and consumer goods to farmers. In such an event, food-aid, in spite of its possible immediate effect on certain prices, might in the longer term result in an increase of the gross national output in the developing countries.

170. Many developing countries are at present on the road toward well-conceived plans. Food aid in this context would certainly find an efficient outlet, irrespective of whether it was supplied in bulk or on a project-by-project basis. One conclusion in Study No.3 gives particular emphasis to the use of food aid in over-all support of development plans and programs (as well as of projects). Food aid to be given to a developing country in a given period should be related to its total non-aid supplies of food (i.e. domestic production plus imports minus exports). Thus linked, the food aid would not prove a disincentive either to domestic production or to normal commercial imports in the aid-receiving country. In countries which do not have adequate development plans, the scope for food aid might be more limited. In such cases, resort could, however, be made to the specific approach which contemplates the provision of food aid on a project basis.

171. The WFP consultants in general seem to be of the opinion that the scope for using food aid in support of specific projects might be amplified, both in countries having good development plans and in others when organized so as to afford adequate safeguards and benefits to local farmers. There is a divergence between Study No.1 and Study No.3 as to how the latter might best be achieved. Study No.1 concludes that a labour-intensive project would not be based primarily on food aid, since this aid would not satisfy a sufficient proportion of the additional demand for goods generated by its implementation. Only specific feeding programs are satisfactory from this standpoint, and the most significant results of these for development are the improvement in the quality of the labour force through meals for school children and trainees, and food for vulnerable age groups; and the development of the livestock, dairy and poultry industries through improved animal feeding. Study No.3 is much more optimistic about the possibilities of developing labour-intensive projects without net injury to the local farmer. In the terms of this study, projects contributing to what might be called "closed loops" should be formulated and suitably planned. These are projects which mobilize a significant number of unemployed and partially employed people and, at the same time, involve little complementary support from the rest of the economy. That is to say, requirements of scarce raw materials and capital should be low, and food aid by itself would be very nearly sufficient to carry out the project. Examples of such projects include rural public works, secondary road construction, fencing, bunding, terracing, minor irrigation and drainage, afforestation, and community development. A conflict between maximizing immediate output and the rate of growth of output is often at work in developing countries. Food injections into "closed loops" might alleviate this conflict by promoting employment and output without reducing growth rates through diversion of scarce factors from investments of higher priority.

172. How many "closed loops" it would be possible to identify in each of the developing countries is obviously difficult to estimate: this is a matter requiring very careful on-the-spot investigation. The greatest limiting factor is the organizational ability required to prepare and supervise projects of this type. In addition, how closed the loops would prove to be, that is, how far these projects could be carried out without heavy demands on other scarce resources, would have to be tested in actual practice and consideration might have to be given to the possibility that food-aid agencies grant, in addition, commodities other than food to a specific project.

173. The consultants conclude that both the program approach and the project approach are likely to provide considerable scope for food aid programs in developing countries. In fact such aid, if properly conceived with respect to timing and magnitude, would be just as important as other forms of aid. Moreover, they consider that there would still remain much ground to cover in the fields of education, vocational training, feeding of vulnerable groups of the population, etc., most of which are currently classified as development projects by virtue of their long-run and indirect contribution to economic growth.

174. Any successful program of food or other aid requires, however, in the opinion of the consultants, a great deal of co-ordination, not only among aid-giving countries but also within the aid-receiving countries. In regard to the former, the problem of achieving the necessary co-ordination may best be solved in practice by adopting the formula of bilateral aid within a multilateral framework, to be implemented in the initial stages by such arrangements as international agreements on sharing the burden of aid and through the technique of international financial consortia. At the receiving end, on the other hand, co-ordination of national development decisions in each developing country is the best logical counterpart to the co-ordination among the aid-providing agencies; such co-ordination will, however, be easier to achieve where governments are already committed to planning for development.

Operational problems and scope of multilateral food aid (Studies Nos. 4 and 5)

175. Substantial parts of Studies Nos. 4 and 5 are relevant to this report because they deal respectively with operational problems of food aid, and the scope of multilateral food aid. Study No. 4, in particular, gives considerable attention to the operational problems encountered by the Program during the experimental period that were discussed in the preceding chapter.

176. Study No. 4 notes that, compared with about \$14,000 million of food aid provided under the United States bilateral aid program since 1954, other bilateral programs and the World Food Program together have only provided another \$300 million. Nevertheless, it was found possible to compare multilateral with bilateral operations in much of the study, because the difference in magnitude of project-oriented operations is far smaller and both have made a comparatively recent start. However, account is taken of the major differences between bilateral aid and multilateral aid to be recalled when comparing and judging their performance - notably the large and experienced field staff of the United States program on the one hand, and, on the other, the supplementary responsibilities of the Program inherent in its multilateral character - the bringing together of pledges from different sources and long-distance relations with geographically dispersed donors and recipients. The World Food Program is new, experimental and of relatively limited duration. Staffing a new agency with competent people is always difficult and time-consuming, particularly when there is no security of tenure; broad policies have to be translated into operational programs; procedures have to be developed ab initio; concurrently, a massive effort to explain the program and to secure participation by both supplying and receiving countries is required and has to be undertaken under "forced draught" since the time factor makes a more orderly and systematic evolution all but impossible. Comparable (i.e. project-oriented) bilateral food aid has had only a slightly longer life history - thus any examination of the operational and administrative problems of project-oriented food aid must be very provisional in many respects, and many conclusions are therefore very tentative.

177. Study No. 4 presents a number of facts bearing upon the subject of this report. For example, it is said that in the United States program - the bilateral program to which almost exclusive reference is made in the study in comparisons with multilateral aid - co-ordination of food aid with non-food resources, where necessary, is simplified since the United States is a major supplier of such other resources.

178. By far the largest part of United States aid is in the form of bulk supply of foods for open market sale in beneficiary countries, with which there is no comparison in WFP action but which is of interest to note in view of the proposal in Chapter IV below a start might be made by a new multilateral program with food aid in support of over-all development plans. Study No. 4 indicates that about 44% of U.S. Title I sales of food aid have financed loans for economic development (amounting to \$4,375 million) and 18% have financed grants for the same purpose (equalling \$1,773 million). Most of the remainder has been used for purposes other than development. The loans were made on very easy terms and repayments of principal and interest so far amount to about 5% of the sum lent. The study points out that bulk-supply food aid is not synonymous with food aid for support of

a country's long-range development program. While bulk-supply food aid is sometimes used to support the government's general budget, and through it a comprehensive development program, much more often it is used to support a variety of individual projects which may or may not be in any governmental budget and which may not be part of any long-term development program, because no such program exists.

179. Under the United States "project approach", the average size of projects is slightly larger than the average of WFP projects. While the smallness of projects is the main factor contributing to the high ratio of administrative costs to aid given under the project approach, the United States succeeds in keeping this ratio lower than the Program (so the study implies, although data on U.S. administrative costs are not given) by greater flexibility of operating methods (including decentralization of authority) and by profiting from the economies of scale arising in the joint administration of this together with other much larger food and non-food aid programs, which inter alia make possible a substantial field staff. Another benefit of the latter, according to the study, is to reduce the delays at each stage in the operation of project-oriented aid. Attention is drawn to the delays arising from factors outside the Program's control - notably in donor country deliveries of food on the one hand and in beneficiary country preparations on the other.

180. With regard to emergencies, it is considered that, unless stocks of commodities are held by it at strategic points around the world, a multilateral program could not act sufficiently quickly, and that on balance it would be better to shift emphasis in the multilateral role in this field to stimulation and co-ordination of bilateral action.

181. The study gives a view of the comparative developmental effect of cash and food aid, the former being considered by the author to be greater than the latter and it is suggested that account be taken of this factor by governments when allocating resources between the two. The study includes, as an appendix, discussion of a dissenting view put to the author by the WFP secretariat.

182. The co-ordination of food aid is a problem which grows with the emergence of surpluses in countries other than the United States and it requires multilateral action. If the latter is carried to the extent of serving as the channel for additional surpluses used for bulk supply aid, then there would have to be a considerable evolution of multilateral machinery for developing comprehensive country plans, or for analysing and appraising those prepared by the developing countries themselves.

183. Project-oriented food aid has inherent limitations which do not apply, or at least not with equal force, to bulk-supply food aid. These are, inter alia, the development of individual projects, or their extraction from an over-all development program; the preparation of specific food budgets; the receipt, storage, transportation and physical distribution of food to end-users; the separation of these activities for specific supervision; the provision of the necessary non-food resources, often by diversion from other competing uses; separate audit, inspection, verification, and evaluation. In many developing countries administrative capacity is at a premium, and project-oriented food aid frequently makes fairly heavy demands on this scarce resource.

184. On the other hand, project-oriented food aid is more adaptable to certain situations than to others. In developing countries with reasonably comprehensive development plans, project-oriented food aid might well provide a built-in incentive to increase the development effort, since detailed project plans are required to obtain such aid. To the extent that project-oriented food aid results in either a shift to, or an increase in, total resources devoted to projects with a high labour component, there is a useful contribution to levels of employment and personal consumption. Project-oriented food aid facilitates experimental approaches to economic development, particularly in the broad field of livestock and poultry expansion. It might well be adapted to areas in which the commercial market is underdeveloped or inadequate for any one of a variety of reasons, since the provision of food aid satisfies the increased demand of consumers. It is quite suited to institutional feeding, including school lunches, since in these instances the problem of distribution of the individual packages to numerous end-users and their families is avoided, and almost 100% additional consumption is likely to result in many cases.

185. Although, according to Study No.4, multilateral operation of the project approach is subject to certain limitations which have been indicated above, it also mentions the following advantages. First, it makes practicable the mobilization of food aid from many countries from which, because of the relatively small amount involved, it would be very difficult, if not impossible, to obtain such aid on a bilateral basis. Secondly, it permits a more nutritionally adequate diet to be provided, since the pledges of many suppliers in the experimental period have included, and presumably in any extended period of the Program would continue to include, nutritive foods not in ready surplus, and are thus not available in the U.S. bilateral program. Thirdly, by virtue of the arrangements the Program has made with other members of the United Nations family, it can draw upon a wide range of professional and technical competence in evaluating project proposals and implementing them. Fourthly, it might be considered by a developing country to be a preferable source of such aid. The value of a multilateral program would be increased if its existence precluded an increase in the number of bilateral project-oriented food aid programs, or even reduced them.

186. In any event, close co-operation and continuing consultation between a future multilateral program and bilateral programs - notably the United States program - would promote co-ordination and would take advantage of economies of scale external to the multilateral program. The study observes that since the U.S. pledge to the World Food Program amounts to 55% of total pledges and can be released only subject to certain checks and reservations provided for in the same legislation and administrative practice applied to the U.S. bilateral program, the multilateral character of the Program is thereby reduced. This might best be rectified under a new multilateral program by enactment of new U.S. legislation and the establishment of suitable administrative arrangements.

187. In addition to the better-known advantages of concentrating project-oriented food in rural areas, Study No.4 also mentions that in these areas a larger labour component in projects is more frequently encountered. The risk in giving food aid to projects with a small labour component is that, a majority of the resources having already been found for the other components, the project would probably have been undertaken anyway, so that the food aid merely frees resources ear-marked for wages for other unidentified purposes.

188. Due to the difficulties encountered in distributing food aid direct to beneficiaries, which tend to be most difficult in isolated rural areas, as well as the preference of a growing fraction of the labour force for payment wholly in cash, the study proposes that a policy of selling food to finance wages in projects should be much more frequently applied.

189. The study concludes that a future multilateral program should be larger than the present Program, to reduce overheads, and should have a larger and more senior field staff as well as modest increases and improvements in headquarters facilities. The Co-operation with other United Nations agencies should continue, and should possibly be extended to cover implementation of projects and programs, and the help of other bodies might also be sought.

190. Study No.5, which is concerned with the role of multilateral food-aid programs, envisages this role as a continuing and quite ambitious one. The Program's experimental period has shown that the number of suitable projects might be increased; their efficiency could be raised with improved development planning; the Program could play a decisive part in the formulation of nutrition policies for development plans, it could create and centralize knowledge needed for a theory of food-aid; and it could become a catalyst and promote the better harmonization of all food aid programs.

191. The study opens with an analysis of the positive and negative effects of food aid which complements the discussion of the limitations and advantages of food aid in Study No.4. An ensuing analysis of concepts and objectives of food aid leads to the conclusion that there is a need for harmonizing them, notably as between bilateral

and multilateral programs, in order that they can be completely complementary. However, the study notes, in practice this harmonization could not be completely achieved but should be carried as far as possible, the main and common aim being development. This consists in the development and full utilization of human resources, innovation in agriculture and nutrition, and institutional improvements in such spheres as economic planning, the organization of markets and the development of international co-operation, including the provision of a multilateral framework for bilateral action.

192. Criteria to be employed in the choice of projects should include the exportability of new production that would be created, the extent to which the new production creates links between sectors and regions, the proportion of the population subject to modernizing influences and the demonstration value of the technical processes used in the project.

193. Nutritional objectives should be incorporated in development plans and implemented in ways specified in the study. This could result in systematic promotion of improvements in health and productivity, once further understanding was achieved of the precise relationship between the food consumption and the requirements in mental and physical energy of populations fully engaged in development activities. Improvements in the nutrition of particular groups that could make an important contribution to development, as well as for the benefit of others severely undernourished and needing special help, might be aimed at. The interests of local trade and production can best be safeguarded through good nutritional planning.

194. The study concludes that the proper role of multilateral food aid is to foster development. There is no reason why multilateral food aid should be confined to the project approach or why food aid to over-all development plans should remain the monopoly of bilateral aid. The sharpness of the boundary between what is bilateral and what is multilateral can be exaggerated and there is no reason for one or the other to be the exclusive preserve of any particular kind of food aid. A new multilateral program should serve as a model or system of reference to guide all food-aid undertakings - by research, experiment and the formulation of principles and policies. In order to function effectively in this respect, it must have a sufficient size and degree of continuity to serve as a convincing example.

195. In the field of research, there are a number of important problems requiring further exploration. These include the relationship between nutrition and productivity and intellectual capacity and between nutrition and health, the integration of food (and agricultural) planning in over-all economic planning, the capacity of developing countries to absorb food aid, the possibilities of supply management in donor countries, and the impact of food aid on trade and agriculture.

196. In addition to research, the World Food Program should continue and ramify its practical activities, with the same objective as in its research of creating a frame of reference applicable to any food aid program, whether bilateral or multilateral. The principles governing surplus utilization retain all their validity, but need to be given more precision and to be developed in the light of experience. For instance, further indications are needed of the minimum degree of continuity required for effective food aid. Other problems to be further elucidated and overcome, not only by research but also by practical experience, include the impact of food aid on international trade and its adaptation to the development plans, programs or policies of recipient countries.

197. While the Program is useful in channelling into development the surpluses of countries not having bilateral programs, including those with only intermittent surpluses, a more important and indeed essential function is to serve as a catalyst and to harmonize all food aid programs.

198. The Program should be continued for a further five to ten years and should have a sufficient size and range of operations to provide the variety of information required for its catalytic role, to allow it to operate with economy and efficiency and to gain more freedom for manoeuvre and adequate scope for becoming truly

multilateral and effective as an instrument for world development. The scale of activities of the present Program appears too small to permit it fully to achieve these objectives.

199. In order to avoid a situation in which increased pledges to multilateral food aid operations were offset by reductions in pledges to aid given under bilateral auspices, complex resource combinations might be arranged. For example, multilateral use of currencies provided by some countries might be combined with food commodities or other resources, such as transport vehicles or non-food products, provided by others. Standard rations for specific feeding projects could be assembled through co-operative action between bilateral and multilateral programs. Private and public funds might jointly finance the fitting out of laid-up merchant ships with simple refrigeration facilities for the storage and transport of perishable surpluses.

200. The study concludes that development and nutrition are interdependent. Both demand for, and supply of, food aid are bound to grow. Only a multilateral program can meet the growing need for co-ordination. World markets are being progressively organized. If food aid were to expand, it would necessarily find its place in this type of organization. The aid agencies would then have to have their functions and their authority consolidated on a world-wide scale, so that they could influence decisions in a sense favourable to development.

CHAPTER IV

A FORWARD LOOK, AND RECOMMENDATIONS

The perspective

201. It is expected that governments will wish to continue and develop multilateral food aid. This is the clear impression gained from consultations with them, and confirmed by statements that their representatives have made and resolutions that they have adopted in various international forums, notably the United Nations Conference on Trade and Development (Geneva, 1964). The experience of the World Food Program during the initial trial period has been sufficiently positive to gain unequivocal support for this favourable judgment from the majority of the governments in the world that have aided and partnered the experiment. The Holy See has also expressed its warm interest in the Program, inter alia, by making a token contribution to the latter's resources. The practical action launched also appears to such non-governmental bodies as the International Federation of Agricultural Producers, the International Confederation of Free Trade Unions and the International Co-operative Alliance, to merit continuation and expansion ^{1/}. Many of the positive expectations that find expression in studies of the role of multilateral food aid, which were undertaken by experts and by international organizations before the inauguration of the World Food Program, have been borne out during the experiment. The more recent studies summarized in the preceding chapter affirm, on the basis of both practical experience and the analysis of trade and development problems, that there is an important role for multilateral action in the sphere of food aid for development.

202. Hence the main question now to be decided is, what should be the character of a multilateral food-aid programme after 1965? What needs should it aim to satisfy, and to what aspirations, in donor as well as beneficiary countries, can it give expression? In what ways, and for what purposes, should it provide food aid? What resources can be made available to it? At what rate should the volume of its activities increase beyond that attained by the World Food Program? How should it be organized? All these points are dealt with in the different sections of this chapter.

203. But before entering into the complex and detailed matters which they raise, the future of multilateral food aid, as an over-all concept, should be set in clear perspective. The World Food Program had its origins in a situation in which food surpluses were growing in some countries, and emerging in others, some of which did not have bilateral food-aid programs. All of these and other countries too perceived the advantages of a multilateral program, and, spurred on by awareness of the growing need for outside help to developing countries and of the particular humanitarian obligation of the international community to give food as part of this help, on a plane divorced from politics, they determined to undertake an experiment. Its purpose was to explore as widely as possible the ways in which an international agency, helped and guided by the whole complex of United Nations organizations, could use food effectively to promote development. To this end the World Food Program was established, on a modest scale, to acquire experience which would serve as a model for the time when a larger program might come into being to use increasing surpluses.

204. Discussions on agricultural policy have been launched and are currently taking place within the General Agreement on Tariffs and Trade and the European Economic Community, and in the United Nations, FAO and other international organizations concerned. Decisions on such questions as the price of cereals, or the agreements for cereals, sugar, meat or dairy products, are still pending, and the outcome of these discussions is still unknown. However, should these deliberations lead to commodity agreements or other arrangements under which surpluses might accumulate, an international agency would be required to ensure that food which is wanted but cannot be paid for will be channelled to people who can be enabled, by its support, to train and work for the development of their countries.

^{1/} See joint statement on an expanding world programme adopted by the executive authorities of these three bodies, reproduced in United Nations document E/C.2/631.

205. Such an international agency may be found, ready and equipped, in the World Food Program. If authorized to go on with its job, it can be available to assume greater responsibilities when the time comes. Help should continue to be given in emergencies, especially after initial sympathy has subsided, nearby sources of succour have been exhausted and rehabilitation has to begin. Specific feeding programs, especially in support of education and training and health, can contribute increasingly to development through improvement of productivity. The implementation of projects "using food as an aid to economic and social development, particularly when related to labour-intensive projects and rural welfare" ^{1/} is a proven and widely-acclaimed type of WFP activity, which the new multilateral program should continue to expand as fast as resources and suitable preparatory work permit. Finally, there is a major type of action - not touched during the experimental period chiefly for lack of resources and explicit authorization - which should start, perhaps on a modest experimental basis at first, but be allowed to grow according to needs and resources: that is, the use of food aid in support of over-all development plans and programs, as described below.

206. This whole field of useful work - emergencies, specific feeding programs, projects and over all development programs - provides much room for a multilateral instrument specializing in food aid to continue to grow in experience and special knowledge and to become well-equipped to take on further responsibilities, new in scale or character, when the major decisions have been taken concerning agricultural policy and trade. The new multilateral program cannot assume any responsibility in regard to the present negotiations or concerning any decisions that governments might take on agricultural trade and policy except to advise on the possibilities of absorbing in effective food aid programs any volume of surpluses expected to be made available for use as aid at any time as a result of these decisions. It should concentrate on the task of winning sufficient confidence, based on accumulating experience and satisfactory achievement, to perform the very substantial role which may eventually be required of an operational multilateral food-aid agency.

Activities of the future program

207. The regulations governing the current experimental Program recognize three main fields of activity, namely, the relief of emergencies, the feeding of special groups, and assistance to projects for economic and social development. Does the experience gained so far suggest that these terms of reference need to be modified in any respect for the future?

(a) Emergencies

208. Emergencies may usefully be considered first. It would be impossible for a multilateral organization administering food aid to stand aside and decline to move to the help and sustenance of a country stricken by a disaster. Thus, a future program must continue to bear this responsibility in an emergency. What must be recognized is that, because of the physical difficulties of transporting food in bulk at speed, even with the best will in the world, it will be unable to move with the dispatch needed for "first-aid" action. It is clear that generally speaking there must be an appreciable lapse of time in providing relief under existing arrangements, although, as stated in Chapter II, in some instances urgent requirements have been met by borrowing from commercial stocks in the country where the disaster has occurred, or in a neighbouring country, against later replacement by the Program. Similarly, stocks already on the spot in readiness for use in projects can also be borrowed, or supplies already afloat can be diverted to the disaster area.

^{1/} WFP General Regulation B.5.

209. Consideration could also be given to the holding of food supplies at a number of convenient locations under a future program's own control. The management of such reserves, which would involve periodic rotation of the stores to prevent their deterioration, would, however, entail additional cost, whether carried out directly or entrusted to a commercial agent, and it is felt that the practical difficulties of operating such reserves would outweigh their advantages. Thus, in the initial stage of an emergency, responsibility for action should as a rule be left to non-governmental organizations like the Red Cross and other charitable bodies, usually supplying aid in cash, and also to individual governments commanding ready stocks of suitable commodities and the facilities for transporting them by sea and air.

210. The role of a future multilateral program, as borne out by the experience gained so far, is likely to prove more effective in the later stages of an emergency and, subsequently, in the work of reconstruction and rehabilitation. Assuming that adequate staff would be available, a future program would also be favourably placed for carrying out an investigation on the spot of over-all food requirements following a request for emergency food aid, and for serving in an advisory role on behalf of the United Nations and FAO. The present Program is, in fact, already carrying out such investigations and is thus fast acquiring competence in this field.

211. Under the present regulations, 25% of the commodities pledged to the Program are earmarked for use by the Director-General of FAO in emergencies. This has meant the allocation of \$7 million worth of commodities and cash or shipping per year for the three years of the Program of which less than \$5 million per year has been used. It is felt that in the future, earmarking of resources for emergency use should be in absolute terms rather than as a percentage of total resources. If the available resources prove to be inadequate to meet the emergency needs determined by an on-the-spot investigation, the Executive Director may advise the Director-General of FAO on the practicability of an appeal to governments for additional resources, including supplementary facilities for shipping if necessary.

(b) Specific feeding programs

212. The second major field of WFP assistance is in pre-school and school feeding. In practice, this has been interpreted somewhat broadly to include the dietetic requirements of other specific groups, both because they are recognized to be vulnerable and because their protection and support would lead to long-term social and economic benefits. It is felt that a future program should continue to exclude from its purview the type of aid given by voluntary organizations for purely charitable purposes, unless the lack or denial of such aid should be found to hinder economic and social development. Thus, the "raison d'être" of projects for the feeding of specific groups is that they contribute to long-range development, and this field of assistance should not constitute a separate category in a future program. It should be considered as pertaining to the field of economic and social development itself.

213. The scope for food assistance to these groups for development purposes is believed to be extensive. Following the United Nations General Assembly resolution 1933 (XVIII) of 11 December 1963, an inter-agency group convened by the Program recently completed an examination of the possibilities for food aid in the field of education in general. It is clear that the highest priority should continue to be accorded to secondary and vocational education and training, with a view to expanding as rapidly

as possible the supply of personnel at intermediate levels of skill and competence, which are more badly needed than any other category of manpower in the newly-developing countries. It may be noted that projects for the feeding of specific groups also provide the best scope for nutritional education, because the beneficiaries become accustomed to eating unfamiliar protective foods. They set an example for others, and this creates new demand which helps to diversify agriculture and the economy. Feeding programs for maternity and child welfare centres, and for children in primary schools, offer an opportunity for absorption of suitable foods limited only by the availability of organizational facilities and complementary resources. These programs involve institutional arrangements which constitute the best practicable guarantee against harmful effects on the market.

(c) Projects

214. The main focus of World Food Program activity is the support of economic and social development. The results so far achieved, reviewed in Chapter II, leave no doubt that this should continue to be the foremost purpose of multilateral food aid. Experience gained indicates a relative concentration on different aspects of development of agriculture and of the infrastructure and welfare facilities in rural areas, although there have also been some examples of support to industrial and urban development. The preponderance of rural improvement activities is to be expected, since it is in this sphere that projects are most likely to be labour-intensive, offering scope for engagement of relatively unskilled people, many of them unemployed or under-employed, for whom food is a powerful incentive because it forms a major part of their meagre income and most basic needs. This emphasis is not unwelcome, as serving to correct the relative neglect which rural interests have tended to suffer in the past. Within the rural sector itself, there are significant possibilities in fields such as land reform and stabilization of seasonal fluctuations in prices of food crops where food aid can be effective only if it can be planned or committed over a longer period than has been possible under the present Program.

215. The sale of food under the project approach followed by the Program has been permitted only in exceptional circumstances. The policy in respect of sales was laid down by the Executive Director at an early stage, and experience has indicated that this policy, which received the endorsement of the Intergovernmental Committee, was amply justified. The policy stems logically from the approach itself, under which the supplies are calculated according to the requirements of the diet to be consumed in a particular project. Thus, the obvious course would be to move the supplies directly into consumption without the intervention of the market. However, administrative and logistic convenience has sometimes called for a relaxation of this general rule, so that the supplies provided under the Program have been first allowed to be sold and later, with a minimum lapse of time, repurchased. The circumstances justifying such relaxation have had to be proved in each case. This is a necessary safeguard against disruption of the market by the extra supplies released through WFP aid.

216. WFP aid is always given free and in kind to requesting governments. The question of sale of WFP commodities arises only in respect of the method adopted by the receiving government in distributing these commodities to a beneficiary group, the alternative methods being either distributing direct to such a group or indirectly through the market. There need be no apprehension of disruption to trade when the sales are confined to an intended beneficiary group. Even if distribution is effected through sale to the members of this group, so long as they use the supplies themselves and do not sell them again to others, and so long as the money recovered from them is not put back into general circulation, but is used for specific local expenditure in support of the project, the transaction, taking place outside the currents of normal trade, would still remain commercially insulated.

217. Sales on the open market, however, pose two possible problems. First once the WFP commodities are released through sales, they are merged with other supplies of the same kind and there is no certainty of their reaching their particular destination as defined in a project. Second, the discharge of WFP commodities through sale must increase

the supply of such commodities in the country's market, depress their price and discourage those engaged in their trade and production, unless this increase of supply is counterbalanced by an equivalent increase in demand. The policy followed by the Program has been to scrutinize the circumstances of all proposed sales, so as to make reasonably sure that the additional supplies provided by it will be absorbed by additional demand in the briefest possible time and, further, that this additional demand originates from the new income accruing to the intended beneficiaries of project.

218. The FAO principles of surplus disposal are intended to guard against harmful interference with international trade or internal production through use of commodities in commercial surplus. The sales policy pursued in the Program derives directly from these principles, which are written into the regulations governing the Program and may be retained in the provisions governing any new multilateral program. For the same reason, the regulations also lay down that the Consultative Sub-Committee on Surplus Disposal of the FAO Committee on Commodity Problems should be consulted before supplies are provided to a project. Such consultation has permitted interested governments to keep a watch on the possible market effects of projects aided under the Program. It has thus served to strengthen the confidence of governments in the working of food aid, and it is recommended that the practice should continue in the future.

219. It has been argued that the interpretation of the FAO principles of surplus disposal in international forums and administrations has been somewhat one-sided till now, inasmuch as the interests of the exporting countries have received more attention than the dangers of possible disincentives to agricultural producers in countries receiving food aid. This is an aspect of the problem of which the experimental Program has been well aware and about which it may be presumed that a future multilateral program will be fully vigilant.

220. At the same time, some relaxation of the present sales policy may be in order in the future, so that more consideration may be given to the question of balancing the disadvantages of possible market displacement by sale of WFP supplies against the countervailing advantages to be gained by achieving the objectives of a particular project, such as increased efficiency and output in the long run. It may be noted that the FAO principles themselves contemplate such a contingency.

(d) Development plans

221. A point of major emphasis in the WFP studies, noted in Chapter III, which is widely supported by other writings on the theory of food aid, is that one of the most substantial and effective ways of deploying food aid is in support of an over-all development plan. This might be called the "program approach", as distinct from the "project approach". A growing number of developing countries now seeking to complete development plans or formulate new ones are faced with problems of inflation and a deteriorating balance of payments in which inability to pay for adequate food imports is a significant element. Also, planners hesitate to incorporate employment objectives and employment-making projects in their plans with a view to taking fuller advantage of an under-employed labour force, because they fear that inflation and pressure on foreign exchange reserves will occur. This danger easily arises when increased consumption of food and other goods by the newly-employed raises demand above the level to which supply can rise within the period of the plan.

222. Although early thought was given to experimenting with a program approach ^{1/}, the WFP General Regulations specifically direct the provision of aid to projects, thus implying the exclusion of this wider approach. In any event, as has been mentioned above, lack of resources and explicit authorization to make long-term commitments

^{1/} See the communication addressed by the Director-General of FAO to Ministers of Agriculture of Member Governments in his letter No. 82 of October 1962, paragraphs 1. 16 and 17.

during the three-year term of the World Food Program has precluded experimentation with a program approach. If these limitations can be removed, a start could be made with such an approach under a new multilateral food aid program without prejudice to the continued development of the project approach, which should remain a primary and characteristic activity.

223. A multilateral program can make quite a novel contribution to the program approach. This contribution should be defined and the need for experimentation made clear, in order to avoid any confusion of the program approach either with large bulk supplies of food under bilateral programs, on the one hand, or, on the other, with the project approach followed by the Program during the experimental period.

224. The essence of the program approach is to provide a country with the extra food it requires in order to achieve a higher rate of economic growth under a development plan, since this food cannot be otherwise obtained from domestic or international markets. This happens because the plan, in order to meet its development priorities, has to set limits to the allocation of foreign exchange for food imports, while there is an inevitable time-lag in effecting an increase in domestic agricultural output.

225. Thus, calculation of the food aid to be provided under the program approach would be based upon plan targets for domestic food production and food imports compared with estimated increase in demand for food during the plan period. Allocations of foreign exchange and of all other scarce resources under the plan would be carefully analysed. This phase must come first, to ensure that the country's contribution to investment in its own capacity to grow could not be larger; secondly, to ascertain that the allocation of resources to different investments is optimal, as far as possible, and that no further resources could be transferred from other uses to increasing food output or imports without reducing the over-all rate of growth.

226. Subsequently, in the course of implementation of the plan, there might well be occasion to revise the flow of food aid upwards or downwards as expectations are checked against current statistics and against unforeseen developments. Reference would be made not only to current statistics of agricultural production and imports but also to indices of food prices, which will indicate the actual balance of demand and supply and enable the food aid - by judicious releases of stocks on to the open domestic market - to serve as a price stabilizer.

227. Unlike a buffer stock stabilization scheme, however, the food-aid stock would be run down to nil pari passu with the closing of the food gap. There would be no objection to the government using counterpart funds from the sale of the food to buy back food if prices fell unduly low, but in the long run (if the planning and execution have been correct) the food aid is bound to be all consumed. An operation of this kind would also involve studies of trends in the balance of payments, terms of trade and public expenditures and receipts, which would reveal how closely priorities and allocations under the plan can be and are being followed, and what upward or downward revisions in the flow of food aid would be justified. As a help and safeguard to domestic agriculture (additional to the price-stabilizing effect already mentioned), the extent of increase in employment, both over-all and in individual programmed projects, would be watched to verify that the expected additional demand for food can be sufficiently sustained to justify the continuance of food aid.

228. Unforseeable developments affecting food output during the implementation of the plan may also require revisions in the amount of food aid provided. These might include a particularly good or bad harvest, or some other unexpected difficulty of domestic production, or an adverse trend in the terms of trade and in foreign exchange earnings necessitating a reorientation of priorities for imports, including food. Examination of these different indicators, and the application of planning and performance tests, might be undertaken once a year. The food-aid programme would then establish the volume of assistance to be provided in the following year in accordance with decisions reached in consultation with the beneficiary government concerning upward or downward revisions in the rate of aid required.

229. There are two main differences between this program approach, recommended as a new feature of further multilateral aid and the bulk-supply approach exemplified by food aid under Title I of U.S. Public Law 480. First and foremost, the program approach is subject, to a far greater extent, to the planning and performance tests outlined above. Secondly, the food would be provided entirely as a grant for use as development aid without requiring the establishment in a beneficiary country of counterpart funds that would remain under the ownership and control of the multilateral program. The annual reviews of the rate of aid required would replace the control of counterpart funds as the instrument for ensuring that the aid serves the purposes intended.

230. Another distinctive quality of the program as against the bulk-supply approach would be that, if the planning and performance tests are to have their full effect, the amount of food aid which the multilateral program would be initially committed to provide over a plan period would not only be revocable in case of non-adherence to the conditions agreed upon but would, as already indicated, be subject to revision upward or downward within stated limits that could be quite wide apart.

231. A valuable consequence of the rigour of testing, to which some allusion has already been made, would be to ensure that adequate consideration is given at all times to the needs of domestic agriculture. A potential danger of food aid provided on less conditional terms is that it can tempt governments and planners to neglect efforts to increase domestic food output to the extent needed to achieve eventual independence of food aid.

232. It is necessary to state the difference between the program and the project approach in a new multilateral program because, although many of the superficial differences are obvious, it may nevertheless be thought that the two approaches are similar in essence and that projects might be neglected in favour of the program approach without any significant loss, and with the advantage of simplicity in arrangements for bringing the food to the consumer.

233. Actually, the distinction between the open market sale of the food under the program approach, and its direct distribution to identifiable beneficiaries undertaking in return specified activities under the project approach, is by no means so superficial as the difference in the scale of the aid. Under the project approach, tangible and specific results can be shown, which it is clear could not have been achieved without the food aid, and it is largely this which has won the satisfaction of quite a number of governments with the World Food Program. These results include not only the expansion of employment and capacity to produce - whether through construction, land clearing, training or anything else - but also improvements in the health and nutrition of particular under-privileged groups of people whose welfare cannot be directly sought under the program approach. The relatively wide range of commodities available to a multilateral program has made, and can continue to make possible, a policy of combining food aid with such local foods as are available to each project in order to meet nutritional standards, not only quantitatively, but also qualitatively.

234. As will be recalled, some commodities were pledged to the Program in far larger quantities than others, and this may be expected to continue under a new program because the pattern of surplus accumulation is remaining substantially unchanged in North America and it would appear that a somewhat similar pattern will develop in Western Europe. It is therefore proposed, for this as well as administrative reasons, that only commodities forming a major proportion of the total pledges, such as cereals, would be provided under the program approach, thus leaving a more balanced and varied "food basket" with which to provision projects. Both for this reason and because it would be undesirable to lose the advantages exclusive to the project approach, consideration might be given to linking the program and the project approaches, when providing aid to particular countries.

235. It is possible to link the program and the project approaches in a particular country, if the projects are supplementary to the national development plan so that the food aid would be additional to that required under the program approach. One of the special WFP studies has drawn attention to the opportunities for implementing projects which need not be an integral part of a plan because they make minimal demands upon scarce resources and use mainly surplus labour and food aid ^{1/}.

236. The operation of the program approach by a new multilateral program would be closely co-ordinated with bulk-supply food aid under bilateral programs. The multilateral program would make a start on an experimental basis and would concentrate its efforts at least during the early years on the support of development plans in smaller countries. This would be dictated by the volume of resources likely to be made available to it. The possibility of forming consortia to combine food aid with other kinds of aid required to implement development plans should also be considered.

237. To sum up: future activities under a new multilateral food aid program should embrace (i) economic and social development projects, and specific feeding projects with a development effect; (ii) food aid in support of over-all development plans and programs, on an experimental basis, initiated in a few selected smaller countries; and (iii) help in emergencies affecting food supplies.

(e) , Method of work

238. While the execution of programs and projects to which food aid is supplied should be an obligation of the aid-receiving governments, in accordance with sound principles of international assistance the administration of the multilateral program should be responsible for appraisal and evaluation of its own activities and of the effects of the aid provided by it.

239. One of the responsibilities of a future program should also be to initiate and assist research work and studies on different aspects of the problems of food aid in development as they arise in the course of the program's activities. Such provision, when organized in close association with the actual operation of the program, would make for reciprocal reinforcement of theory and practice.

240. As has hitherto been the practice during the experimental period, the new program would continue to rely fully, in all these activities, upon the co-operation of the United Nations, FAO, ILO, UNESCO and WHO. This co-operation could be extended to other agencies which might take a closer interest in the program, such as the International Bank for Reconstruction and Development and the International Development Association, particularly because food aid could support and complement their own financial aid programs. Such collaboration has been greatly facilitated by the appointment of WFP liaison officers by a number of the above organizations, and there is no doubt that the close working relationships already developed should continue in the future. It should be pointed out that in applying the qualifying criteria and performance tests envisaged for the programme approach, the Program must draw heavily on the specialized services available from the United Nations, FAO, International Bank and other co-operating organizations.

Resources of the future program

241. The WFP General Regulations provide that voluntary contributions should take the form of "appropriate commodities, acceptable services and cash, aiming at a cash component of at least one-third of the total contributions" ^{2/}.

^{1/} Discussed in Study No. 3. A summary of the arguments adduced is given in paragraphs 171 and 172 above.

^{2/} General Regulation A.4.

242. "Appropriate commodities" are defined as foods and feeding stuffs which are not so highly perishable as to make their distribution impracticable at reasonable cost and their utilization impossible without excessive waste. Because any developmental activity requires commodities other than food and livestock feed, such as hand tools, machinery, building materials, fertilizer, seeds or breeding stock, and because workers' households consume commodities other than food, such as textiles, the question arises as to whether any of these commodities should be included. There would be obvious advantages if the percentage of the additional demand arising from a given project met by the program could be increased through expansion of its commodities range to include such non-food items.

243. Upon closer examination, however, the disadvantages of attempting such a broadening are seen to be impressive and deterring. There are practical and daunting difficulties in utilizing such non-fungible items as machinery, where only a particular design may be suitable for a given area and where maintenance and the replacement of parts may pose a major problem, or a raw material which must be processed sometimes outside the recipient country, before it can meet consumers' needs. Few other classes of commodities enter so directly into consumption as do basic foods, and therefore lend themselves so readily to distribution by a multilateral world-wide aid agency.

244. Because so many of the projects of the new multilateral program will no doubt continue to be in the agricultural field where yields may be substantially increased by the proper use of fertilizer, there is perhaps more reason to consider the possibility of adding fertilizer to the list of acceptable commodities than is the case with any other producer goods. Even here, however, there are some difficulties, arising from the fact that the fertilizers used must be adapted to local soils, crops, cultural practices and climatic conditions, and the fact that in addition FAO already has a Fertilizer Program, albeit a very small one. Therefore, although the possibility exists that, at some future time, fertilizer might be added to the range of commodities handled by the multilateral program, there do not appear to be pressing reasons for taking this step immediately. Should governments, however, so wish, the inclusion of fertilizer might of course be considered, provided this aid did not detract from the cash and commodity pledges and was supplemented by corresponding additional cash contributions to pay for freight and insurance on the fertilizer. This leads to the important question of whether the total resources available to the multilateral program would be increased significantly by the inclusion of such items or whether their inclusion would merely result in a reduction in the amount of cash made available. It seems probable that, with the exception of cotton none of these items would be donated without reducing the cash component of pledges. It must be remembered that the precondition for a multilateral program giving aid in kind is the existence of a considerable volume of a given type of resource which governments are willing to donate without a corresponding reduction in the volume of their cash aid. This condition exists in the case of cereals, some dairy products, vegetable oils and a few other agricultural products, but does not exist so far as the non-agricultural products are concerned.

245. In brief, then, it appears that a new multilateral program should, at least for the time being, confine its commodity list - as in the experimental Program - to food and feedstuffs. These foods and feedstuffs should continue to include both those in actual surplus, which will no doubt continue to comprise the major portion, and others which are not in surplus but which are necessary to balance diets nutritionally in the case of people or livestock or to improve the palatability of the diet.

246. Pledges of food or feedstuffs cannot be utilized unless accompanied, in the aggregate, by sufficient cash to pay for their shipment, insurance and superintendance, and to pay the costs of administering the program, including advisory assistance to recipient countries in the storage, distribution and utilization of the food or feed. Shipping, insurance and superintendance costs vary with the commodity and the country of origin and destination, but have been found so far during the experimental period to average approximately 23.5% of the f.o.b. values of the commodities shipped, or about 18% of the total pledged resources. They are expected to average somewhat higher during the balance of the experimental period, and an approximation of 19% of the value of total resources appears reasonable for a continuing program, although it may be reduced somewhat if shipments of entire cargoes to development programs as distinct from projects can be undertaken.

247. Administrative costs will amount during the Program's experimental period to approximately 5% of the total value of available resources, or, if the cost of field supervision is included, rather than being charged to projects, to approximately 6%. In a continuing program of larger size, particularly one moving a significant portion of the commodities to programs rather than to projects, administrative costs should drop, probably to somewhere between 4% and 5%.

248. Although shipping pledges can be used in lieu of cash if they are from a country with a sufficiently large and well deployed merchant marine to ensure their ready use, cash pledges, which permit the purchase of shipping services on a wider and non-discriminatory basis, are always preferred. However, one country, because its laws require that 50% of all pledged commodities be moved under its own flag, is obliged to make available sufficient shipping to ensure the fulfilment of this condition. It is hoped that no other country will find it necessary to pledge shipping services to a continuing program. By and large, cash contributed in lieu of shipping finds its way back to donor countries as payment for freight bought by the Program.

249. Thus, if only administrative, shipping, insurance, superintendance and supervisory costs were to be met from cash (and services) pledges, and if no margin were to be allowed for possible increases in freight and insurance costs, it would be necessary for 23% or 24% of the total pledged resources to consist of cash and shipping, of which 4% to 5% would be needed to pay for administration and around 19% to pay for shipping, etc., on commodities valued f.o.b. at 77% or 76% of the total pledges. However, this would leave no margin of safety for freight and related cost increases and would not permit the purchase of scarce commodities to balance diets; the purchase of commodities from nearby sources to cope expeditiously with emergency needs; the financing of necessary technical assistance where this cannot be freely obtained from other sources; or the purchase of food exports from developing countries, as recommended by the United Nations Conference on Trade and Development.

250. The original target of $33\frac{1}{3}\%$ cash was predicated on operational needs related only to the project approach. Purchases to balance diets would not be necessary for aid to development programs, for which it is proposed that only surplus commodities available from pledges would be used. Consequently, if future operations consist of aid to projects and aid to programs in the proportions assumed in Table VII below (paragraph 271), the weighted average of cash requirements is close to 30%
[i.e. $(0.63 \times 33\frac{1}{3}) + (0.37 \times 23)$]

251. If the cash and shipping component of total pledges could be increased to 30% of the total, the utilization shown in Table VI would be possible:

	(%)	(%)
Cash and shipping		30
of which:		
Required for administration and technical assistance	4-5	
Available for the purchase of commodities needed to balance diets or to cope expeditiously with emergency needs	6-7	
Required to move pledged and purchased commodities	19	
Commodities		70
		<hr/>
		100

252. Although, of course, purchases made to balance diets or to cope expeditiously with emergency needs might sometimes be made also in developing countries, the allocation indicated above would still not permit the purchase of commodities from exporting developing countries primarily to support markets in those countries. An increase in the cash component of pledges much above 30% would therefore be necessary before any steps could be taken towards implementation of the recommendation referred to in paragraph 249.

253. It is assumed that cash contributions to the new programme would not affect the availability of financial resources to other multilateral programmes. The current regulations provide that cash contributions shall be made only in convertible currencies, although the Executive Director is permitted to use his discretion regarding acceptance of readily usable currencies from the developing countries. Experience suggests that this discretion can be used by the Executive Director only in very exceptional circumstances.

254. During the experimental period, all commodity pledges have been valued at the world market prices prevailing at the time of pledging and expressed in monetary terms. In point of fact, most pledging governments made generalized pledges of a number of commodities rather than pledging specific quantities of one or a few commodities, so that, for most countries, expression in monetary terms was the only feasible procedure to follow. A very few countries, however, made pledges of specific quantities of one or a few commodities. These were valued at current market prices and expressed in monetary terms, so that a price increase for instance of 25% between the time of pledging and the time of delivery of the commodity has resulted in a 20% reduction in the tonnage delivered. This has not had any significant effect upon the total amount of resources available to the Program, and it is suggested that the present policy be followed in a continuing program. If, however, any pledging country were to desire strongly that its pledge be regarded as one for specific physical quantities of one or two commodities, and if the new program's governing body were willing to approve this deviation from the general method of handling pledges, there would appear to be no serious difficulty involved in assigning a nominal (i.e. current market) value to such a commodity pledge while regarding the physical quantity as unchanging.

255. Experience during the experimental period has demonstrated that although a small percentage of all worthwhile projects proposed can be carried through to satisfactory completion in one or two years, the vast majority of viable projects must have a longer life. It would therefore be essential for a continuing multilateral program to be able to commit itself to projects extending for as long as five years from the date of signature of the agreement concerned. It is not necessary for this purpose to have firm pledges from governments covering the entire life of the project: the United Nations Expanded Programme of Technical Assistance, for instance, enters into commitments for periods extending beyond the fiscal years for which funds have been pledged. On the other hand, it would appear to be undesirable to go to the end of the period for which funds are assured before seeking confirmation by way of a pledging conference that resources will in fact be available for the immediately following year.

256. The suggested procedure is therefore to seek firm pledges for the following three years at pledging conferences held every two years. Late in 1965, for instance, pledges would be invited for the years 1966, 1967 and 1968, while late in 1967 adjustment in the 1968 pledges might be sought and new pledges would be sought for 1969 and 1970. This procedure would have the added advantage of permitting targets to be set on the basis of the actual rate of commitment up to the date of the second and all successive pledging conferences, so that countries would be able to decide how much to pledge on the basis of the demonstrated ability of the new program to utilize pledges. Even if the rate of commitment were not to increase from year to year, because of the extended life which is anticipated for the majority of projects in the second and each subsequent year to the end of the fifth year, actual shipments of commodities would increase because the instalments in the second and subsequent years under agreements concluded in previous years would be superimposed on the first year's instalments under agreements concluded in that year. In fact, however, the rate of commitment will probably increase as more countries become aware of the potentialities of food aid and as the new program itself acquires more experience and improves its operational procedures. As a result, the need for resources is expected to increase from year to year and biennial pledging conferences appear to offer an excellent way of ensuring that these needs are known and met.

257. The necessity for assured supplies, if commitments running over a period of years are to be made either to projects or to development programs, poses serious problems. It may be helpful to examine the differing positions of major potential donors to a continuing multilateral food aid program. The aggregate of contributions from developing countries themselves can be expected to continue to constitute a very small fraction of total donated resources. The following discussion is therefore confined to potential donors among the developed countries. These may be divided into three categories:

- (a) Agricultural exporting countries which have agricultural support and stock-holding policies resulting in the accumulation of stocks of readily storable commodities.
- (b) Agricultural exporting countries which do not hold stocks in excess of normal commercial requirements, because their principal exports are relatively perishable, or because they do not have the resources to hold stocks, or because the stock-holding policies of other countries make it unnecessary.
- (c) Agricultural importing countries which rarely export agricultural products in significant volume and usually have internal price levels for agricultural products above world market prices.

258. Food aid, whether on a bulk-supply or project basis, was undoubtedly initiated because of the existence of surplus stocks in a very few countries, and those countries will undoubtedly continue to supply a portion of their aid in the form of food. Most

food aid will probably continue to be furnished by countries in category (a) and on a bulk-supply basis. However, significant quantities are already being moved on a project basis, most of it bilaterally but some multilaterally. In the latter case it is combined with other foods supplied by countries in category (b). Food aid from countries in category (b) is particularly useful in multilateral food-aid projects because it permits the balancing of diets by adding animal proteins and fruit products. Countries in category (c), which normally do not export food but sometimes have fortuitous surpluses, can appropriately contribute not only food but also cash, which some of them have an opportunity to recover in the form of ocean freight, as they have extensive and competitive merchant fleets. The three categories are distinguished for conceptual purposes. It will be appreciated that in practice a country may sometimes be in one category and at other times in another.

259. The tendency on the part of some donor countries to consider food aid primarily from the viewpoint of their own need to dispose of specific surpluses raises problems in ensuring the continuity of supply of those commodities which have been committed to food-aid projects extending over a period of years. Countries holding surplus stocks do not guarantee such continuity to food-aid programs or projects financed by them bilaterally, or to multilateral programs, or projects which they are supporting. Instead, commitments made are subject to the availability of the commodities. This state of affairs, unsatisfactory as far as the recipient country is concerned, arises from the fact that the supplying country attaches a lower priority to aid needs than to commercial markets, so that supplies available for aid are always residual and therefore subject to substantial variation. Yet it is to be hoped that, as the performance and results of food-aid projects become evident, donor governments will give higher priorities to fulfilling commitments to food-aid programs and projects, notwithstanding other claims for existing supplies.

260. The situation of countries not holding stocks is somewhat more satisfactory as far as continuity of supply is concerned. Since their food donations are drawn from normal commercial channels and paid for with budgeted funds, a tighter supply position results in higher prices and a smaller physical quantity of the commodity being furnished, instead of supplies being completely withheld. In the event that the country has to resort to imports to procure the commodity it has pledged, it can utilize the appropriate funds to purchase the commodity outside the country, from the lowest cost sources available, or can make over the funds to the multilateral program to do the buying. In either case, disbursement of foreign exchange is involved.

261. It should be emphasized that a maximum degree of flexibility in the use of commodity pledges, both as between commodities and over the life of the pledge, is highly desirable. A few governments, whose budgetary procedures preclude the carrying forward of the unused portion of a pledge from any one fiscal year into the next, may therefore wish to modify their procedures in order to make this possible.

262. From the foregoing it would be expected that the truly international character of the program would be maintained by the contribution to it of resources from a wide selection of countries, both developed and developing. Developed countries are not only morally committed to helping developing countries but also may recognize that their own long-range interests can be served by a food-aid program which would promote development and thus expand ability to purchase their own products. The burden of supplying commodities or cash to such a program should not be left entirely to countries which have surplus commodities, inasmuch as these countries are expected to refrain from commercial sales of surpluses that would disrupt world markets. It should be shared by other countries which stand to benefit from a program which would ensure that prices and markets are safeguarded by adherence to accepted principles and which averts the danger of price fluctuations that could affect their economies.

263. Cash contributions to a multilateral food program both from countries that cannot give food themselves and from others, can mobilize quantities of food surpluses that could not otherwise be used, because they are available in countries that cannot afford to give them away or at least cannot afford to meet the full administrative and

shipping costs of converting them into use as aid. Cash contributions thus have a multiplier effect on the total volume of food aid becoming available.

264. Finally, developed countries are, either directly or indirectly, interested in commodity agreements, and one factor determining the negative attitude towards such agreements is the fear that any support scheme involved might create surpluses. A multilateral food-aid program which has proved that food aid can be used as capital for purposes of economic and social development without unduly disturbing commercial markets would provide a convenient outlet in this connection and would therefore acquire a most important additional function. It should not be overlooked, however, that there is a limit to the capacity of developing countries to absorb quantities of food aid at any particular time when surpluses may become available for the purpose and it has been suggested above that it should be a function of a future multilateral program to give advice on this subject.

Rate of growth of multilateral food aid

265. It is envisaged that multilateral food aid should be continued on an open-ended basis, that is to say, it should be maintained for as long as it can perform a useful role. This would among other things permit the support of many worthwhile projects that can only be implemented over a long term and on a larger scale than could be envisaged during the experimental period. The present activities of the Program cannot be vastly expanded overnight, but should grow soundly and steadily from the level of activity reached during the experimental period. There could and should, however, be an immediate expansion to cover support for national development plans and programs, as has been outlined above.

266. In assessing the possible rate of growth of the activities of the new program, a distinction should be drawn between commitments and expenditure. A major proportion of the commitments would be related to development projects. During the experimental period \$21.2 million have been committed for approved development and feeding projects in 1963, and \$44 million are expected to be committed for similar projects in 1964. These figures, however, cannot be considered as fully indicative of future possibilities. It is to be remembered that, partly because the present Program is experimental and of short-term duration, partly because requests received too late could not be accommodated for lack of resources, and partly because of initial unfamiliarity with the procedures of the Program on the part of all concerned, the number of projects approved is today much smaller than it would have been in the absence of these constraints ^{1/}. The example of countries such as Turkey indicates that where there is understanding and capacity to prepare projects, considerable resources (amounting in the case of Turkey to about 8% of the Program's resources for the experimental period) could be committed to useful projects of diverse types.

267. In a larger program of indefinite duration, free from the constraints of the experimental period and benefiting from accumulating experience and an enlarged and trained staff, it would be reasonable to expect, especially as an early start can be made with preparations in 1965, that commitments on development projects could grow substantially in the coming years. A figure of \$70 million, including some \$10 million for the extension of existing projects, may therefore be considered reasonable for the commitments to be made to new projects in 1966. The figure of \$90 million for new commitments to be made in the following year would not be too substantial, and the rate of \$120 million per year could be reached in the succeeding years.

^{1/} See paragraph 114 for a more detailed list of considerations which have limited the number of projects submitted during the experimental period.

268. As far as emergencies are concerned, in the light of experience gained during the experimental period, it is felt that an average of \$7 million a year might be committed for emergency aid. Finally, it is considered highly desirable to experiment with the provision of food aid through multilateral channels in support of over-all development plans or programs in selected countries. Here again, however, it is proposed to be conservative and to allocate approximately \$30 million for the program approach in the first year, which would make possible the initiation of program agreements of about \$10 million each in three countries. These agreements would run for several years with recommitment each year if experience warranted the renewal. One country at the same annual rate of \$10 million might be added each year, so that annual commitments would rise to \$70 million in the fifth year. This may well be an underestimation, because the balance of payments in a large number of countries has until recently been deteriorating and food assistance may be a major element in restoring equilibrium. On the other hand, such assistance should not obscure the fact that in the present stage of development in many countries the scope for food assistance on the basis of specific projects is far more extensive.

269. On the above assumptions, the amount of commitments to be incurred in the coming years for emergency aid, for development projects and for support of development plans and programs could grow from \$107 million in 1966 to some \$197 million in 1970.

270. Because of the time-lag between obligations and payments arising from the fact that commitments made for projects extend over a number of years, the rate of cash and commodity expenditure on such projects would not be as high in the first few years as the rate of commitment. For purposes of estimation it has been assumed that 20% of the total resources committed in any one year would be applied to one-year projects, 20% to two-year projects, 35% to three-year projects, 20% to four-year projects, and 5% to five-year projects. Because agreements will presumably be signed at a fairly uniform rate throughout the year and because a lag of two or three months generally exists between the signing of an agreement and the actual shipment of food and payment of freight and insurance, it is further assumed that only one-half of the commodities for the first instalment of project agreements signed in 1966 will be delivered in 1966, one-half of the commodities for the first instalment of project agreements signed in 1967 will be delivered in 1967, and so on, and that this six-month lag will continue throughout the duration of the projects. On the basis of these assumptions it may be expected that during the first year only half of the commodities to be supplied under one-year agreements, one-fourth of the commodities under two-year agreements, one-sixth of the commodities under three-year agreements, one-eighth of the commodities under four-year agreements, and one-tenth of the commodities under five-year agreements, will be delivered. This would mean that, on an average, the amounts in commodities and cash that would be required to meet the new project commitments made in respect of a given year would reach 25% of these commitments during the first year, 38% during the following year, 23% during the third year, 11% during the fourth year, and 3% during the fifth year. As far as emergency assistance is concerned, it may be estimated that, by and large, the amount of expenditure in a given year would equal that of the commitments made during that year, with a lag of only \$1 million due to commitments in one year resulting in expenditures during the following year. So far as commitments made for support on a program basis are concerned half of each year's commitment, including recommitments for following years, would be discharged in the following year.

271. Details of the commitments and of the expenditure in commodities and cash which might take place over the years 1966-1970 are shown in the Table VII and Chart III. Administrative costs are indicated separately.

CHART III

Hypothetical commitments and expenditure in a future expanded programme 1966 - 1970

(million US\$)

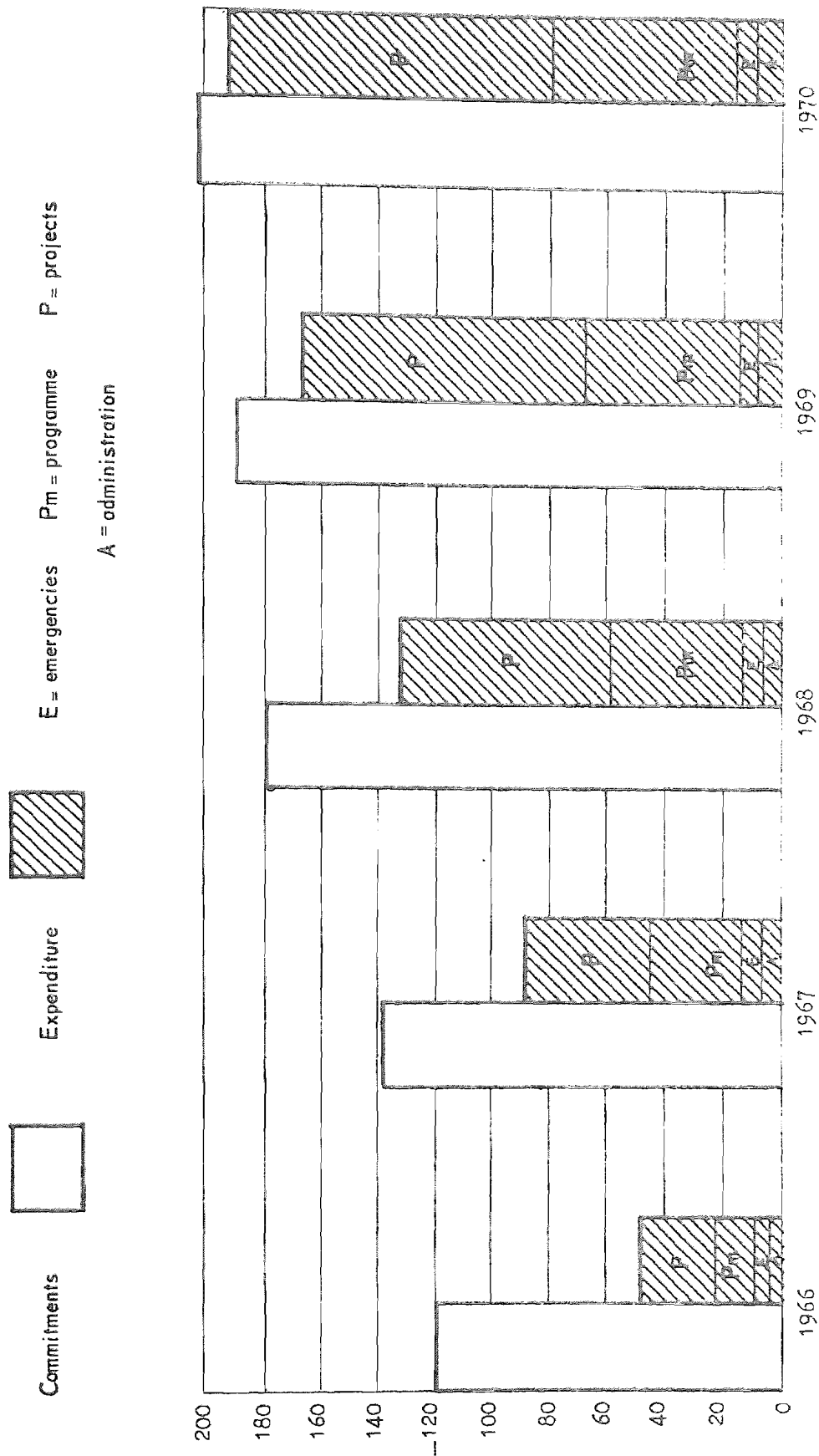


TABLE VII
(million US \$)

I. <u>Rate of commitment</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>Totals</u>
Emergencies	7	7	7	7	7	35
Projects	70	90	120	120	120	520
Development programs	30	40	50	60	70	250
Administration	<u>3</u>	<u>4</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>28</u>
	<u>110</u>	<u>141</u>	<u>183</u>	<u>194</u>	<u>205</u>	<u>833</u>
II. <u>Rate of expenditure</u>						
Emergencies	6	7	7	7	7	34
Projects	25	45	78	104	115	367
Development programs	15	35	45	55	65	215
Administration	<u>3</u>	<u>4</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>28</u>
	<u>49</u>	<u>91</u>	<u>136</u>	<u>173</u>	<u>195</u>	<u>644</u>
Totals	~~~~~ 276 ~~~~~		~~~~~ 368 ~~~~~			

272. It would be helpful if governments would, at the time of taking the contemplated action in regard to the future of the Program in the FAO Conference and the General Assembly, make a declaration of intent regarding the rate at which the activities and therefore the over-all commitments of the Program could grow, which would authorize the Executive Director to commit resources up to the total indicated above of approximately \$830 million over the next five years. At a pledging conference, which might appropriately be held late in 1965, firm pledges would be sought to cover activities during the first three years amounting, in accordance with the Table VII to some \$275 million, of which 30% should be in cash. It would be understood that total pledges could be used at any time during the three-year period for which they are made. The annual figures in the above table do not constitute ceilings for expenditure or commitment during the individual years to which they relate.

273. At a second pledging conference, late in 1967, the actual rate of commitment and drawing down of resources would be reviewed and new pledges would be made to supply the program with adequate resources to continue the rate of growth then deemed to be feasible. Table VII illustrates, so far as can be estimated at this stage, what the continued rate of growth might be in the fourth and fifth years, and the consequent total of additional pledges required during these two years (some \$370 million, of which 30 % would again be in cash).

Organization and administration of the future program

274. A report such as the present one is not complete unless consideration is given to the implications of the suggested future program in terms of organizational and administrative requirements.

(a) Organization

275. Should it be decided to extend the mandate of the World Food Program beyond its present experimental period, there would seem to be little ground for modifying its basic institutional and organizational arrangements, even if the size of its operations were to be substantially increased. The basic reasons for affiliation of

the Program to the United Nations and to FAO would remain: both organizations would continue to be most directly concerned with its fundamental objectives and the Program would still depend on them for over-all policy guidance and technical advice in the development of its activities. This double allegiance of the Program has worked well and it would seem that it should be continued in the future.

276. While theoretically there might be some advantage within this over-all framework in endowing the Program with a distinct juridical personality, the continuation of the present situation in which the Program is considered as an extension of the United Nations and of FAO has very distinct practical advantages. In particular it avoids many problems which its status and that of its staff would otherwise raise in the many countries in which its operations would be conducted.

277. This close relationship between the World Food Program and the United Nations and FAO should not adversely affect the maintenance of close ties with those agencies and programs in the United Nations family of organizations which will be concerned with the development of future WFP activities. The need for such close co-operation with such specialized agencies as the ILO, UNESCO and WHO, and with the Technical Assistance Board, the Special Fund, UNICEF and UNHCR, is, and will continue to be, particularly strong. It will be made all the more necessary in the future when WFP activities are developed on a wider and longer-term basis in their fields of responsibility. Such co-operation is basic to maintaining the widespread and lively interest which the Program has created among other international organizations in the potential role of food-aid for accelerating the development process. In addition, the elaborate and well-tested procedures evolved during the experiment to enable the Program to benefit from the wealth of technical talent in the co-operating organizations in identifying, developing, implementing and evaluating the results of projects aided with WFP food would only facilitate and advance the Program's future work if reliance on these technical services were continued. As has already been mentioned the dependence on the specialized services of the United Nations, FAO and other organizations would be particularly heavy in the case of WFP aid given in support of over-all national development programs.

278. The institutional framework for inter-agency co-operation already exists. It is provided on the one hand by the Administrative Committee on Co-ordination and on the other by the institution of full-time liaison officers, who maintain a permanent link between their organization and the Program.

279. A close relationship will be required between the Program and the various operational programs of the United Nations through which international assistance is being dispensed. The Program already exchanges information with a number of these programs on a regular basis. This co-operation, however, will have to be strengthened through periodic contacts and possibly through ad hoc arrangements yet to be devised. It has been suggested earlier in this chapter that arrangements for co-operation comparable to those made with UN, FAO, UNESCO and WHO might be extended to other agencies which might value a closer interest in the Program, such as the International Bank and the International Development Association.

280. Little change would seem to be required in the number and composition of the organs through which the activities of the Program are being carried out. An Intergovernmental Committee would continue to be required as the organ through which the two parent organizations would exercise general guidance over the Program's administrative and operational policies, authorize development projects and approve administrative and operational budgets. The arrangements under which these functions are now carried out maintain the flexibility required in the performance of the Program's activities while preserving the necessary degree of control. The delegation of authority to the Executive Director for the approval of projects for which the commodity costs do not exceed \$500,000 has proved extremely useful and ought to be continued. Experience of the approval of projects by the Intergovernmental Committee

through correspondence has been short, and more experience may be needed before any decision is taken with regard to the continuation of this procedure. The arrangements through which the Committee is being advised on all administrative and financial matters by the appropriate committees of the United Nations and FAO, although somewhat cumbersome, seem to have been of considerable assistance to the Committee, and Member Governments may wish to continue them.

281. The frequency and length of the sessions required by the Committee to perform its functions will depend to a large degree on the existence of measures through which projects can be approved between sessions. Consideration might be given to the Committee meeting only once a year in the future, but, in reducing the frequency of meetings, there would be some danger of slowing down the rate of progress of the work. The composition of the Committee is, of course, a matter for the Governments to decide, but the present experience indicates that the arrangement by which ECOSOC and the FAO Council each elect one-half of the 24 Members of the Committee has worked well. The procedure through which the Committee reports once a year on its activities to ECOSOC and the FAO Council has provided both Councils with the basic information they require to pass judgment on the Program's over-all activities, and there would be every advantage in maintaining it in the future.

282. As to the executive organ of the Program, the joint Administrative Unit which now operates the Program in accordance with the directives given by the Committee, there would need to be little change in its basic features. It would continue to function under the leadership of an Executive Director, acting by virtue of delegation of authority given by the Secretary-General of the United Nations and the Director-General of FAO.

b) Administration

283. As explained earlier, the joint Administrative Unit has operated through the Office of the Executive Director and three Divisions during the experimental period. In the field, the TAB Resident Representatives acting as the local representatives of the Program have played an extremely valuable role by assisting in negotiating pledges as well as in developing, implementing and appraising projects. Technical services in appraising projects requests and evaluating operational projects have been satisfactorily provided by the co-operating agencies. General financial and administrative support services have been provided on a reimbursable basis to the Administrative Unit through the regular FAO administrative service.

284. A future multilateral food-aid program would continue to rely to the fullest possible extent on the services at present provided by the co-operating international organizations in a continued effort to hold the cost of administering the Program at the lowest possible level. It is recognized, however, that an enlarged Program would throw a heavier burden on the international agencies concerned and that as a result the level at which they have been reimbursed during the experimental period would need to be reviewed in the light of the anticipated increased workload resulting from an expanded program.

285. Expert technical assistance has already been found to be necessary in many cases to ensure adequate preparation of a project and subsequent support in its execution. It cannot readily be assumed that such assistance will be forthcoming whenever needed from co-operating agencies of the United Nations family, since their own budgetary resources, as well as the resources of the United Nations technical assistance program, are often found to be fully committed. It is therefore to be presumed that a future program will occasionally be called upon to bear the cost of supplementary technical assistance to be provided through the co-operating agencies for the preparation and implementation of projects.

286. Resident Representatives of the United Nations Technical Assistance Board would continue to be the local representatives of an expanded program, to assist governments in identifying suitable projects and encourage them to submit requests for food aid, to help in negotiating project agreements and to undertake the many administrative duties associated with the development, operation and appraisal of projects, as well as the arrangements for the visits of WFP headquarters staff and those of the co-operating international organizations. In an enlarged multilateral food-aid program there is no doubt that many TAB field offices would be faced with a much heavier workload than has been the case in the experimental Program. Provision would therefore have to be made both for reimbursement of the Technical Assistance Board for its expenses in helping to give these services and for the development of the Program's own field staff working in close association with the Resident Representatives. The seniority and terms of reference of this staff would reflect the increased responsibilities in the field, especially in regard to those functions which WFP experience indicates cannot be so effectively undertaken at headquarters. Responsibility for advising and assisting governments in establishing and operating arrangements for dispensing food aid, at present borne by project officers, would in future be absorbed as one among the broader functions of this proposed field staff.

287. Experience gained during the experimental period has demonstrated that in order to ensure a well co-ordinated, balanced and adequate presentation of requests for food aid, the planning and processing of requests at headquarters should be supplemented by regular and prolonged visits of headquarters staff to the project sites to assist governments in investigating the details and in the screening of projects. Although the development of field staff, proposed above, would meet some of these needs in a different way in a new program, appropriate and adequate arrangements would have to be made for headquarters control over field work.

288. Therefore, while no major change in the present structure of the UN/FAO Administrative Unit is envisaged at an early stage, there are already certain indicators pointing to the need for an increase in its size resulting from the larger scale of activities of the Program, and a substantial part of this increase would be in out-stationed officers. The degree of strengthening required depends to a considerable extent on whether the program approach would be adopted in the expanded program as a supplement to the project approach, and on the size and number of projects to be implemented. Another factor to be considered is the extent of evaluation of completed projects, which should become a permanent feature of an enlarged program, and the need for making suitable arrangements for dealing with cost-and-benefit appraisal and end-use checking, in accordance with procedures to be established, where the Program's participation in a project is of sufficiently large size and constitutes an appreciable part of the total cost of a project. A new research and evaluation unit should be established both to undertake this work as required and to initiate and assist research on food aid.

289. These increases in the size of the Program will inevitably lead to increased pressure on the administrative services, which have been handled by FAO during the experimental period but which may become too heavy for FAO to undertake in an expanded program. Limitations on the use of FAO financial, administrative and general services would mean that while the reliance of the Administrative Unit on them would continue to the fullest possible extent, some consideration might have to be given to a certain number of functions being taken over by the latter in order to facilitate and expedite a larger volume of operations. At an appropriate time specific proposals would need to be made in this connection.

290. The total cost of management and administration of the Program during the experimental period has been kept to the minimum consistent with operational efficiency. As already stated, this has amounted to approximately 5% of the total pledged resources, or, if the cost of field supervision of projects is included

under administration (rather than under the project budgets as has been the practice in the experimental period) to about 6%. The proposals included in this section regarding increased allocations to the co-operating agencies of the United Nations family and to TAB headquarters, as well as adequate strengthening of the joint Administrative Unit, will necessarily imply an increase in the administrative budget in an expanded program. However, as has already been noted in the discussion of future resources, the proportion of administrative costs in the total cost of operations should become less as the scale of operations increases. Therefore, it is not unreasonable to expect that while it is now at approximately 6%, including field personnel, it will in the future be lower, depending on the size and scope of the new program. On the basis of the particular assumptions in the latter regard adopted above as a means of calculating resource requirements, the proportion of administrative expenses is foreseen to lie somewhere between 4% and 5%.

ANNEX I

Statement of pledges received by 1 November 1964
(in US \$)

<u>Contributing country</u>	<u>Commodities</u>	<u>Services</u>	<u>Cash</u>	<u>Total</u>
Afghanistan	-	-	1,000	1,000
Australia	1,000,000	-	500,000	1,500,000
Austria	442,029	-	57,971	500,000
Belgium	548,678	-	351,322	900,000
Bolivia	13,333	-	6,667	20,000
Cambodia	-	-	1,000	1,000
Cameroun	-	-	4,000	4,000
Canada	3,320,000	-	1,680,000	5,000,000
Ceylon	10,000	-	-	10,000
Chile	100,000	-	-	100,000
China (Rep. of)	2,080	-	-	2,080
Congo (Leopoldville)	-	-	1,000	1,000
Colombia	60,000	-	-	60,000
Cuba	320,000	-	-	320,000
Cyprus	-	-	100	100
Dahomey	-	-	204	204
Denmark	1,333,333	-	666,667	2,000,000
Ecuador	-	-	1,000	1,000
Ethiopia	-	-	2,000	2,000
Finland	625,000	-	-	625,000
France	2,150,000	-	850,000	3,000,000
Gabon	-	-	1,700	1,700
Germany (Fed. Rep.)	6,800,000	-	1,200,000	8,000,000
Ghana	-	-	5,000	5,000
Greece	126,950	-	-	126,950
Iceland	5,000	-	-	5,000
India	333,333	-	166,667	500,000
Indonesia	100,000	-	4,141	104,141
Iran	-	30,000	100,000	130,000
Iraq	40,000	-	20,000	60,000
Ireland	600,000	-	240,000	840,000
Israel	25,733	5,000	19,267	50,000
Italy	500,000	-	1,000,000	1,500,000
Ivory Coast	5,000	-	-	5,000
Jamaica	-	-	3,000	3,000
Japan	-	666,667	333,333	1,000,000
Jordan	-	-	4,000	4,000
Kuwait	-	-	100,000	100,000
Lebanon	-	-	5,000	5,000
Liberia	-	-	3,000	3,000
Libya	-	-	1,000	1,000
Luxembourg*	-	-	10,000	10,000
Madagascar	8,163	-	-	8,163
Malaya	3,300	-	3,300	6,600
Morocco	25,000	-	-	25,000
Netherlands*	1,563,318	222,000	763,300	2,548,618
New Zealand	425,000	-	75,000	500,000
Niger	1,200	-	-	1,200
Norway	1,105,977	-	559,989	1,665,966
Pakistan	-	530,000	-	530,000
Philippines**	28,736	-	53,699	82,435
Rhodesia & Nyasaland	-	-	2,800	2,800
Romania	-	-	41,667	41,667

<u>Contributing country</u>	<u>Commodities</u>	<u>Services</u>	<u>Cash</u>	<u>Total</u>
Sierra Leone	-	-	1,400	1,400
Somalia	-	-	5,000	5,000
Sudan	-	-	7,000	7,000
Sweden	1,000,000	-	1,000,000	2,000,000
Switzerland	-	-	1,000,000	1,000,000
Tanganyika	14,000	-	-	14,000
Thailand	-	-	70,000	70,000
Tunisia	35,714	-	-	35,714
Turkey	18,470	-	-	18,470
United Arab Republic	666,667	-	333,333	1,000,000
United Kingdom ^{1/}	3,060,000	-	2,640,000	5,700,000
United States	40,000,000	4,000,000	6,000,000	50,000,000
Venezuela	10,000	-	-	10,000
Viet-Nam (Rep. of)	-	-	1,000	1,000
Yugoslavia	100,000	-	-	100,000
	<u>66,526,014</u>	<u>5,453,667</u>	<u>19,896,527</u>	<u>91,876,208</u>

^{1/} An estimated 20% of a supplemental \$700,000 pledge consists of cash to pay freight on commodities.

* New or revised pledges.

** Change due to revised exchange rates.

ANNEX II

List of projects approved by 1 November 1964 (94)

<u>Country</u>	<u>Project title</u>	<u>Food/feed cost</u> (US \$)	<u>Total WFP cost</u> (US \$)
Afghanistan	Food assistance to boarding schools in Kabul		
Afghanistan	Construction of hydro-electric installations at Naghlu	409,900	718,800
Algeria	Education and training of war orphans	454,900	916,100
Bolivia	Land settlement in four areas	257,300	327,300
Bolivia	Food assistance for rural teachers' colleges	1,714,000	2,537,000
Bolivia	Urban community development	352,700	507,800
Brazil	School feeding in the Bom Jesus da Lapa district	339,200	493,200
British Guiana	Land settlement in four areas	249,100	315,400
British Guiana	Construction and extension of school buildings	426,500	551,100
Burundi	Improvement of agricultural production through distribution of improved seeds	73,700	90,000
Ceylon	Minor irrigation works	241,200	541,200
Ceylon	Voluntary labour (Shramadana) development plan	79,500	97,600
Chad	Land reclamation and school feeding, N.E. Lake Chad	360,800	530,400
Chile	Community development in the Punitaqui Valley	411,600	940,800
Republic of China	Land reclamation in 13 co-operative farms	1,071,500	1,489,500
Republic of China	Chiayi tidal land reclamation	307,400	438,200
Republic of China	Chianan canal lining and drainage	359,900	529,200
Republic of China	Forest conversion, Taiwan Province	224,700	339,400
Colombia	Feeding programmes in the Department of Caldas	282,900	451,900
Congo (Brazzaville)	Training of urban unemployed youth for rural settlement	565,100	718,100
Dahomey	Experiment in the feasibility of using yellow maize to stabilize the price of white maize	444,000	544,000
Ghana	Volta River resettlement	55,000	86,300
Greece	Reafforestation in selected areas, Epirus	1,186,000	1,437,800
Guinea	Feeding scheme in technical schools	107,200	169,500
Honduras	Control of beetle pest in pine forests	323,200	391,200
India	Supply of compounded balanced feed for increased production of pork and pork products, W. Bengal	115,000	154,000
India	Intensive egg and poultry production and marketing, Babugarh, Uttar Pradesh	220,200	427,900
India	Work programme for utilizing rural manpower, Madhya Pradesh	100,000	171,900
India	Construction and renovation of bunds and tanks	63,000	91,500
India	Increase in milk production in Anand, Gujarat	126,000	174,900
India	Improvement of feed for dairy cows, Andhra Pradesh	817,400	1,167,400
India		149,200	256,000

<u>Country</u>	<u>Project title</u>	<u>Food/feed cost</u> (US \$)	<u>Total WFP cost</u> (US \$)
India	Supply of double-toned milk to low-income groups in Delhi	255,000	309,400
Indonesia	Transmigration, land settlement and extension, South Kalimantan	329,000	473,000
Indonesia	Rehabilitation after volcanic eruptions in Bali	1,890,200	3,106,000
Iran	Land drainage in Shaour, Khuzistan	679,600	1,189,300
Iran	Construction of secondary roads, Shadekan, Khuzistan	372,800	583,000
Iraq	Urban improvement and construction of a circular road in Arbil	465,700	540,000
Iraq	Co-operative action for community development	302,700	391,600
Jamaica	Watershed management - Cane River and the Upper Rio Minho	867,500	956,500
Jamaica	Land settlement (Hayes Cornpiece Farmstead)	77,300	90,000
Jordan	Pilot project for Bedouin settlement and improvement of nomadic sheep husbandry	358,300	521,000
Jordan	Restoration of the Hedjaz Railway	91,900	142,000
Jordan	Soil conservation and olive tree planting in three pilot areas	404,500	501,200
Jordan	Improvement of nutrition in educational establishments	104,700	127,500
Republic of Korea	Flood control in the Naktong River Basin	114,400	183,000
Republic of Korea	Road construction, Cheju Island	236,300	368,300
Republic of Korea	Land improvement in Songtan and Educk districts	105,000	151,800
Lebanon	Development of the tourist trade through archaeological excavations	167,900	237,600
Lebanon	Land reclamation and afforestation	256,500	367,500
Lebanon	Revitalization of the silk industry	207,100	261,300
Madagascar	Pilot land-settlement scheme on Lower Mangoky River	69,300	88,700
Mauritania	School feeding	205,500	380,500
Morocco	Land development in Sahela-Sra (W. Rif)	412,400	515,000
Morocco	Literacy campaign	425,800	540,800
Morocco	School feeding	314,800	386,900
Nepal	Milk collection and chilling centre	30,000	40,000
Peru	Colonization, S. Lorenzo area	471,600	659,300
Philippines	Land reform in seven pilot areas	230,000	265,600
Philippines	Livestock and poultry feeding	232,000	462,000
Regional Project: Cambodia, Laos and Thailand	Assistance in the development of the Lower Mekong Basin	397,100	1,305,600
Senegal	Expansion of rural employment through self-help activities	262,100	342,100
Senegal	Development of food industries	233,000	344,900
Sudan	Resettlement of Wadi-Halfa farmers	1,152,600	1,583,200
Sudan	Afforestation, Bahr-el-Ghazal Province	137,400	193,200
Sudan	Khartoum Green Belt	99,100	123,800

<u>Country</u>	<u>Project title</u>	<u>Food/feed cost</u> (US \$)	<u>Total WFP cost</u> (US \$)
Sudan	Community development in the Khartoum and Managil areas	160,300	203,700
Surinam	Transmigration and improvement of agriculture, Brokopondo	167,900	212,900
Syria	Stabilization and development of nomadic sheep husbandry	490,000	748,600
Syria	Restoration of the Hedjaz Railway	233,000	291,000
Syria	Construction of public amenities in selected areas	216,100	286,300
Syria	Construction of secondary roads	697,900	822,600
Tanganyika	Land settlement in five areas	116,700	158,500
Tanganyika	Four settlement schemes	183,900	240,400
Togo	Development of rural communities	75,700	94,700
Togo	Feeding scheme in 15 school canteens	177,000	221,300
Togo	Agricultural development in North Togo	67,000	112,200
Tunisia	Promotion of poultry production and sheep husbandry	1,182,500	1,561,900
Turkey	Establishment of nine pilot villages	257,900	378,200
Turkey	Construction of secondary roads in Mus province	401,700	488,800
Turkey	Kizilcahamam watershed management	313,000	447,300
Turkey	Afforestation with quick-growing species	650,000	823,700
Turkey	Farmers' training camps in 20 provinces	370,700	461,500
Turkey	Expansion and improvement of cement production	408,900	491,700
Turkey	Expansion of the nitrogen industry	653,300	765,000
Turkey	Expansion of a pulp and paper factory	367,900	442,500
Turkey	Development of the Zonguldak coal basin	784,700	911,200
Turkey	Expansion of the Karabük Iron and Steel Works	768,400	889,100
Turkey	Mineral prospectation and exploration	136,300	165,600
Turkey	Erosion control and watershed protection for flood prevention	398,400	600,000
United Arab Republic	Nomad resettlement and livestock husbandry	2,797,100	3,409,800
Upper Volta	Price stabilization scheme	165,000	410,000
Yugoslavia	Reconstruction of Skopje after earthquake	1,229,500	1,536,900
Zambia	National Youth Service	98,000	178,900
Zambia	Refugee training and settlement	44,100	75,400
		<u>37,960,100</u>	<u>52,766,700</u>