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DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION

Reports of the governing bodies of the organs and organizations  
concerned within the United Nations system on progress made  
towards the establishment of the new international economic  
order

Note by the Secretary-General.

The Secretary-General has the honour to transmit to the members of the General Assembly the report prepared by the Committee on Food Aid Policies and Programmes pursuant to Assembly resolution 33/198 of 29 January 1979.

## ANNEX

 	<b>لجنة سياسات المعونة الغذائية وبرامجها</b>	Distr.: LIMITED WFP/CFA: 8/19 November 1979
	<b>WFP</b> COMMITTEE ON FOOD AID POLICIES AND PROGRAMMES	
	<b>PAM</b> COMITE DES POLITIQUES ET PROGRAMMES D'AIDE ALIMENTAIRE	
	<b>PMA</b> COMITE DE POLITICAS Y PROGRAMAS DE AYUDA ALIMENTARIA	

PROGRESS TOWARDS THE ESTABLISHMENT OF THE NEW  
INTERNATIONAL ECONOMIC ORDER AND FOOD AID

Report of the Committee on Food Aid Policies  
and Programmes pursuant to United Nations General  
Assembly Resolution 33/198

I. INTRODUCTION

1. The Committee on Food Aid Policies and Programmes (CFA) submits this report in compliance with General Assembly resolution 33/198, which "invites the governing bodies of the organs and organizations concerned within the United Nations system to assess, within their respective areas of competence, the progress made towards the establishment of the New International Economic Order (NIEO), as well as to indicate the obstacles that impede its establishment".
2. The Committee welcomes the opportunity to participate in this way in the preparations for the Special Session of the General Assembly in 1980, which, in accordance with resolution 32/174, is to assess progress made in the various United Nations forums towards the establishment of the NIEO, and on the basis of that assessment, "take appropriate action for the promotion of the development of developing countries and international economic co-operation, including the adoption of the new international development strategy for the 1980's".
3. In what follows reference is made to resolution 3362 (S-VII), which, in the field of food and agriculture, as in other fields, such as international trade, industrialization, and science and technology, sets "the basis and framework for the work of the competent bodies of the United Nations system" for the establishment of the NIEO. Account is also taken of resolutions 3201 (S-VI) and 3202 (S-VI), as well as the Charter of Economic Rights and Duties of States <sup>1/</sup>. Finally, the CFA has taken note of the agreed conclusions of the United Nations Committee of the Whole, established under resolution 32/174, relating to food aid and food security.
4. The report is organized around three broad issues which were addressed by the World Food Conference: (a) continuity of adequate food aid supplies; (b) an improved policy framework for food aid; and (c) improved arrangements for emergency food aid. Reference will also be made to questions of food security and other aspects of food policy, which will undoubtedly be dealt with in detail by the organizations concerned notably FAO and the World Food Council, which is charged with the monitoring of the implementation of the World Food Conference recommendations. The report begins with a brief account of the role of food aid for development.

<sup>1/</sup> Resolution 3281 (XXIX).

## II. FOOD AID AND DEVELOPMENT

5. Experience has shown that food aid has an important role to play in assisting economic and social development in the developing countries not only because of the amount of such aid available but also because of its direct relevance to the improvement of the rural poor. Food aid has increased as a proportion of total official development assistance extended by DAC countries from eight to 13 percent between 1974 and 1977.

6. Food aid has a special role in helping developing countries meet their food needs and their food import requirements, thereby contributing to a reduction in their adverse balance of payments position and maintaining or increasing consumption levels. Project food aid has given a lead in addressing the problems of the poorest sections of the populations of developing countries and in enhancing the human element of the development process. Food aid has proved effective as an investment for achieving self-sufficiency and self-reliance in recipient countries, particularly in agricultural and rural development projects and in programmes of nutritional improvement. It also plays a significant role in emergency situations and, where appropriate, can help in establishing and maintaining food reserves in the developing countries. Food aid should be provided in such ways as to lead to increased consumption and not discourage local production nor displace commercial imports. For food aid to be most effective, however, there needs to be continuity of adequate supplies which are used within an improved policy framework as defined by the World Food Conference in 1974.

## III. CONTINUITY OF ADEQUATE FOOD AID SUPPLIES

7. The World Food Conference of 1974 examined the structural imbalances in the world food economy and the growing dependence of most developing countries on commercial imports and food aid to meet essential food needs. The most serious food shortages were diagnosed in low-income, food-deficit countries which were unlikely to be able to pay for all their food import needs in the near future. The Conference agreed that the longer-term solution of the food problem of those countries was increased domestic food production and that food aid would continue to be necessary as an interim measure. Accordingly, the Conference recommended a minimum target of 10 million tons of grains as food aid a year, starting from 1975, and also adequate quantities of other food commodities. This target, subsequently endorsed by the General Assembly in resolution 3362 (S-VII), was intended to meet the "hard core" requirements of developing countries, so as to prevent famine and mitigate intolerable balance-of-payments burdens that would otherwise impair the development efforts of those countries. It was also recommended that forward planning of food aid in physical terms be adopted in order to ensure its continuity and insulate it from the effects of excessive fluctuations in production and prices.

8. Some progress has been made in implementing these recommendations, although the main objectives remain to be attained. Food aid has gradually recovered from its low level of 1974. Its total value in 1977 was \$1,838 million and is estimated to have slightly exceeded the \$2,000 million level in 1978. Shipments of food aid in cereals reached 9.4 million tons in 1977/78, and are expected to rise to 9.6 million tons in 1978/79. This is an improvement over the low level of 5.7 million tons in 1973/74, but considerably below the levels attained in the 1960's and early 1970's.

9. The minimum food aid target set by the World Food Conference in 1974 has still not been reached. Failure to reach this target cannot be ascribed to a shortage of supplies, since production in all the principal grain exporting countries has risen faster than commercial demand. Stocks are now substantially higher than in previous years and are expected to rise even further in 1978/79. At the same time, import requirements in the developing countries have grown more rapidly than in the past, as food production in many of those countries, and their capacity to import, have not kept pace with expanding demand caused by increasing population and higher incomes. FAO forecasts that cereal imports of developing countries will rise from 70 million tons in 1977/78 to 78 million tons in 1978/79. Total cereal imports of MSA and other low-income, food-deficit countries reached 20.3 million tons in 1977 and are estimated to have risen to 23 million tons in 1978, of which only about one third consisted of food aid.

10. Food aid is provided essentially on a voluntary basis, except for commitments of 4.23 million tons of cereals annually made by donors under the 1971 Food Aid Convention (FAC), which is still in force. At the urging of the World Food Council and the other organizations concerned, efforts have been made to assure continuity of supplies through the conclusion of a new FAC with a goal of at least 10 million tons of cereals per annum. Appeals have been made to countries which are signatories of the present Food Aid Convention to make every effort to substantially raise their contributions, and to other countries in a position to do so to contribute additional financial resources or grains for food aid under the new convention.

11. In the 1978/79 negotiations for a new FAC, as part of the new International Grains Arrangement, donors announced pledges totalling 7.6 million tons per annum. However, with adjournment of negotiations before reaching agreement, continuity of food aid supplies at these and higher levels remains unassured. Resumed efforts are now being made to conclude a new FAC, with a minimum objective of 10 million tons of cereals annually.

12. In accordance with the World Food Conference resolution calling upon donors to provide adequate quantities of food commodities, in addition to cereals, food aid shipments of dried skim milk, butter oil and vegetable oils have increased substantially since 1974. The largest increases have occurred in vegetable oils and dried skim milk. Food aid shipments of the former reached an estimated 237,000 tons and of the latter about 235,000 tons, while those of butter oil rose to 52,000 tons. On the other hand, shipments of vegetable oil have not increased since 1975/76, when they reached 240,000 tons. Agreement reached on an International Dairy Arrangement, which contains provision for food aid and for the setting up of an International Dairy Products Council, opens the possibility for increased and assured supplies of dairy products as food aid.

#### IV. AN IMPROVED POLICY FOR FOOD AID

13. In addition to stressing the need to ensure continuity of food aid supplies, the World Food Conference laid down, in its resolution XVIII, a set of principles designed to improve the effectiveness of food aid in the developing countries. These principles were reiterated in General Assembly resolution 3362 (S-VII), which emphasizes the need to channel food aid "on the basis of objective assessment of requirements in recipient countries".

14. On the recommendation of the World Food Council, these principles have been further elaborated by the CFA into a set of "Guidelines and Criteria for Food Aid", <sup>1/</sup> which were approved by the Committee at its Seventh Session in May 1979, and subsequently endorsed by ECOSOC and the FAO Council. <sup>1/</sup>

<sup>1/</sup> The text of the guidelines is reproduced in the report of the Seventh Session of the CFA (WFP/CFA: 7/21), Annex IV.

15. The guidelines recommend that food aid should be provided in forms consistent with the development objectives of recipient countries, ensuring that it neither acted as a disincentive to local food production nor had adverse effects on domestic and international trade. They call on donor countries to make every effort to accept and implement forward planning, preferably on a multi-annual basis, so as to ensure continuity of food aid. Periodic assessment of food aid needs is recommended to assist the planning and programming of its provision and use in donor and recipient countries respectively.

16. In allocating food aid, priority is given to low-income, food-deficit countries, with due attention to the needs of other developing countries for projects specifically designed to benefit the poorest segments of their populations. An important consideration in allocating food aid to the eligible countries should be a strong commitment on the part of their governments to development policies for achieving self-reliance, reducing poverty and improving nutritional status particularly in rural areas. Donors are encouraged to finance transport and storage costs of food aid in the poorest countries to the maximum extent possible and to provide such assistance on a grant basis, particularly to the least-developed and most seriously affected countries. An increasing proportion of food aid should be channelled through multilateral institutions. Triangular transactions are encouraged with a view to increasing the participation of developing exporting countries in providing food aid.

17. In its fourth annual review of food aid policies and programmes the Committee was able to determine that some progress had been made in implementing the improved food aid policy recommended by the World Food Conference. However, progress has been uneven in implementing its various aspects, as can be seen from the following summary of the Committee's findings: 1/

- (a) Since 1974, between 75 and 80 percent of total food aid has been directed to meet the needs of MSA and other low-income, food-deficit countries. Moreover, cereal food aid has, on the whole, adjusted quickly to the changing import requirements within this group of countries.
- (b) Concerted efforts are being made by recipient countries to programme the use of food aid within the framework of their national development plans, particularly as regards agricultural production. More food aid is being used in support of agricultural production and employment in rural areas; but the amount of project-oriented aid of this kind remains small in relation to needs.
- (c) The grant component in total food aid has increased appreciably since 1973, largely as a result of recent changes in United States food aid legislation. Nearly all other donors provide food aid on a grant basis.
- (d) The volume of triangular transactions by bilateral donors designed to promote the participation of developing exporting countries in food aid programmes has remained relatively small, although it has increased from 54,000 tons in 1975/76 to 89,000 tons in 1977/78. 2/

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1/ See Fourth annual report of the CFA to ECOSOC, the FAO Council and the World Food Council (WFP/CFA: 7/20), May 1979, pp. 3-4.

2/ During the biennium 1977-78 WFP made commitments for commodity purchases out of its own cash resources of \$26 million, of which \$17 million were committed in 1978. About 94 percent of those purchases were made in developing countries. Total purchases made by WFP in 1978 amounted to \$30 million, when account is taken of transactions made by the Programme from funds provided by bilateral donors and on behalf of other United Nations organizations.

- (e) The proportion of total food aid channelled multilaterally has declined from nearly 17 percent in 1975 to less than 15 percent in 1977. The Committee urged donors to channel a greater proportion of food aid through the World Food Programme.

18. WFP has contributed only a small share of its limited resources to the establishment of national reserve stocks in developing countries, in line with the Programme's current priorities, which favour agricultural development and nutrition improvement projects. The contribution of bilateral food aid programmes to national reserve schemes has also been modest. The Committee examined this question at its Eighth Session in October 1979, in response to a request of the United Nations Committee of the Whole established under resolution 32/174.

19. As noted earlier, resource constraints have also limited other types of project-oriented aid, which remain modest in relation to needs. In addition, it must be noted, that in spite of its value, food aid often is not the leading input, particularly in the case of agricultural development schemes. In order to be successful and leave a lasting development impact, food aid should be supported by, and integrated with, financial, technical and other non-food resources. Cooperation between donors and aid agencies should therefore be strengthened. Some progress has been made in joint programming, particularly in the context of UNDP country programmes. Close and productive relationships have been established with international financing institutions such as the World Bank, regional development banks and IFAD. Several projects involving parallel inputs by these institutions and WFP are already in operation and it is expected that the number will grow in future.

20. While a high share of project food aid has gone to agricultural and rural development projects, lesser emphasis has been given to supplementary feeding projects for vulnerable groups, whose requirements are far from being adequately covered. Attempts have been made to increase food assistance to such projects; but potentially recipient countries are often reluctant to formulate requests for assistance to them. Such projects may be open-ended and require considerable financial and administrative resources from governments and do not yield an immediate return. Governments therefore prefer to channel the limited resources available into projects directly related to agricultural and industrial production. Absorptive capacity for food aid would be significantly increased if requirements for nutrition improvement projects could be taken fully into account. This would require, inter alia, longer-term food aid commitments for such projects, a higher level of assistance and coordinated participation by aid organizations providing financial and technical inputs and the formulation of more effective project designs and delivery systems to reach those in greatest need.

#### V. IMPROVED ARRANGEMENTS FOR EMERGENCY FOOD AID

21. Meeting at a time of acute food shortages, the World Food Conference assigned the highest priority to the use of food aid in emergency situations and to the improvement of arrangements for its deployment. In resolution 3362 (S-VII) the General Assembly reaffirmed this recommendation and called for the establishment of an International Emergency Food Reserve (IEFR) of no less than 500,000 tons of cereals, as an interim measure, pending the constitution of an internationally coordinated system of nationally-held reserves.

22. The Committee is pleased to report positive developments in this area. The IEFR was established in 1976, and by 1978 it had received annual contributions totalling 325,000 tons of grains from 12 donor countries and the EEC. This, together with the annual allocation of WFP's regular resources for emergency operations, made it possible for the Programme to meet part of the disaster relief needs in 30 countries in 1978.

23. Arrangements for coordinating food relief operations have improved considerably since the World Food Conference. The World Food Programme has been performing its coordinating function in the field of international emergency food aid with increasing effectiveness, particularly in the Sahelian zone of Africa. Close working relationships have been established with the office of the United Nations Disaster Relief Coordinator, the FAO Early Warning and Global Information System, as well as other United Nations organs (notably the UNHCR and UNICEF) and voluntary agencies (the League of Red Cross Societies, CRS, CARE and others). While underlining the need for strengthening coordination at the government level in recipient countries, the Committee has expressed the hope that the Programme's services would be made available to all potential donors who wished to utilize them, especially in large-scale operations.

24. The CFA revised in 1978 the modalities for the operation of the IEFR at the urging of the World Food Council. The IEFR has, accordingly, been established as a continuing reserve with yearly replenishments determined by the CFA and placed at the disposal of WFP. It is a standby arrangement with contributions held in donor countries. Contributions announced for 1979 amounted to 309,000 tons at the end of June, which is substantially short of the minimum target. The Committee has called for increased contributions from the present participants and new contributions from non-traditional donors so that the Reserve can operate as an effective international contingency fund. However, even if the 500,000-ton target is attained, substantial additional bilateral food aid would be needed to deal with large-scale emergency operations.

## VI. CONCLUSIONS

25. The above brief review points to a number of positive achievements in some areas, but also to the failure to achieve certain key objectives set by the World Food Conference. The reconstitution of the Intergovernmental Committee of WFP into the CFA has provided a forum for harmonizing short-term and longer-term food aid policies and for more effective coordination of multilateral and bilateral food aid programmes and emergency food assistance.

26. The guidelines and criteria for food aid elaborated by the CFA provide a framework for a more effective contribution of food aid to the solution of the food problem of developing countries and for bringing about a harmonization between multilateral and bilateral food aid policies and programmes. The guidelines exemplify a partnership of action in which donor and recipient countries have accepted to undertake certain responsibilities and have been prepared to make concessions for the common good. They, therefore, embody the kind of cooperation between developed and developing countries called for in the NIEO and provide a basis for consideration of policy issues relating to food aid in the new International Development Strategy for the 1980's.

27. Tangible progress has been made in giving priority in the allocation of food aid to MSA and other low-income, food-deficit countries. In the case of project aid priority is generally given to programmes designed to achieve self-sufficiency in recipient countries, particularly in agricultural and rural development and in nutrition improvement. However, much remains to be done to improve the effectiveness of food aid, by combining it systematically with financial and technical assistance and other capital inputs in well-designed projects.

28. On the other hand, progress has been slow in assuring continuity of adequate food aid supplies to the poorer developing countries, which will be facing mounting deficits in coming years. The Committee reached consensus, at its Eighth Session in October 1979, that the estimate of 17 to 18.5 million tons of cereals, 300,000 tons of dairy produce and 350,000 tons of vegetable oils provided useful indicators of requirements for food aid by 1985.

29. Food aid in cereals has recovered from the low levels of 1973/74, but it remains short of the 10 million ton target set by the World Food Conference. In this connexion, the CFA reiterates the hope expressed at its Seventh Session in May 1979 for an early resumption of negotiations on a new International Grains Arrangement and a new Food Aid Convention. On that occasion the Committee noted with appreciation that some donor countries had announced their intention to increase substantially their contributions to the extended 1971 Food Aid Convention and expressed the hope that these announcements would encourage other existing and new contributors to provide increased resources. It also strongly appealed for a more substantial proportion of Food Aid Convention contributions to be channelled through WFP, in accordance with the numerous resolutions adopted at various inter-governmental meetings on this subject since the World Food Conference. It may be noted in this connexion that pledges to WFP for its current biennium (1979-80) had only reached about \$736 million by 30 June 1979 against a target set at \$950 million.

30. Arrangements for emergency food aid have been improved considerably by the establishment of the International Emergency Food Reserve, the Global Information and Early Warning System, as well as the closer working relationships between WFP and the other international and voluntary agencies concerned. While paying tribute to those donors who have already made contributions to the reserve for 1979, the Committee appeals to other contributors to come forward so that the target of 500,000 tons of grain can be attained and the IEFRR can operate effectively on an annual replenishment basis.

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