

Policy Implications Arising from the Development Impact of Local and Regional Procurement of Food Aid

- **Organisation:**
Natural Resources Institute
- **Partners:**
Regional Office of United Nations World Food Programme/Sasakawa Global 2000/ Ministry of Agriculture – Uganda / Foodnet Africa / Uganda Grain Traders Ltd.
- **Contact:**
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- **Start Date:**
April 2004
- **End Date:**
November 2005
- **Value:**
€111,786
- **Countries/ Regions Covered:**
East Africa/Horn of Africa with particular reference to Uganda/Ethiopia

Background and Objectives of the Research

Food aid is provided, either by inter-continental transfer from developed countries, or by purchase in the recipient country or a nearby developing country, provided there is a local or regional marketable surplus.

EC Council Regulation No. 1292/96 on food aid policy and food aid management and special operations in support of food security endorses the growing practice of food aid procurement within the benefiting country or from a neighbouring country. The advantages are believed to include, inter alia, a contribution to the local or regional agricultural marketing and business systems. Hence, such procurement is expected to have development impact in the source economy.

The objective was to ensure that this aspect of food aid policy is well founded and that EC-guided procurement procedures are optimal for promoting sustainable development. The research hypothesis was that local or regional procurement of food aid can make a much larger contribution to the economies of developing countries, and poor people in particular, and that policies can be put in place to increase benefits. The expectation was that research outputs would inform and guide the EC and EU member states in maximising development impact through their implementation of EC food aid policy.

Available literature was reviewed, and case studies to investigate development impact were undertaken in Ethiopia and Uganda, where combined local procurement of food aid grain is over 300,000 tonnes per annum.

Research Findings

- There is little documentary evidence to support the policy, and the subject area is under-researched
- Local procurement has greater net benefits for rural and urban populations than equivalent expenditure on imported (tied) food aid
- Food aid agencies and NGOs do not normally undertake development impact assessments in the supplying economy, except perhaps to ensure prices have not been distorted by ill-judged procurement
- Quality of grain offered for local food aid procurement has been raised but there has been no knock-on effects on the quality of grain in regular trade channels
- Local and regional procurement has developed industries manufacturing blended food commodities, and brought about crop diversification
- Local procurement has positively impacted on the development of Ethiopia's export trade, but in Uganda the procurement has not been organised so as to equip traders to develop the export market

In cooperation with



Policy Recommendations

- Donors that supply food aid in kind should consider untying a substantial proportion in order to contribute to the development of local agriculture, trade and livelihoods
- Food aid donors and agencies should assess the development impact of procurement in supplying areas
- Donors should investigate using local grain reserves for immediate draw down of food aid which can be replenished later by local or regional procurement
- Donors should attempt to improve the performance of existing marketing systems rather than create new structures involving direct and exclusive relationships with producer organisations
- Food aid agencies should support nascent market institutions such as warehouse receipt systems and commodity exchanges
- Food aid agencies should build their professional capacity to handle new roles in areas of agricultural marketing policy, trading and commodity handling

For further information on this research project, please visit:

EC-PREP website: www.ec-prep.org

University of Sussex website: www.nri.org

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EC-PREP is supported by the UK Department for International Development (DFID). In 2001, DFID, in collaboration with the European Commission, launched the European Community's Poverty Reduction Effectiveness Programme (EC-PREP). The main objective of this research initiative is to produce findings and policy recommendations that support and contribute to improving the European Community's effectiveness in attaining poverty reduction targets via its external assistance programmes. The programme has funded 13 Research Projects and 10 Commissioned Studies, which relate to one or more of the six focal areas of EC's development policy. More information about the research funded by EC-PREP can be found on www.ec-prep.org.