

Choice of Resource in Responding to Food Emergencies

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“Food Aid & the Farm Bill: Improving a Lifeline”*

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Roadmap

- Local and regional procurement of food aid
 - Why does it make sense when food is the preferred resource?
- How often is food the preferred resource?
 - Markets and droughts (illustrated by Zambia)
 - Markets and the poor (illustrated by Zambia)

Local and Regional Procurement (LRP)

- Why does it make sense when food is the preferred resource?
 - It mimics existing trade patterns
 - It has a good track record
 - It builds local production and processing capacity
 - Its much more timely than U.S. food aid
 - It feeds A LOT more people

Maize Trade Flows in East and southern Africa



Maize Trade Flows in East and southern Africa



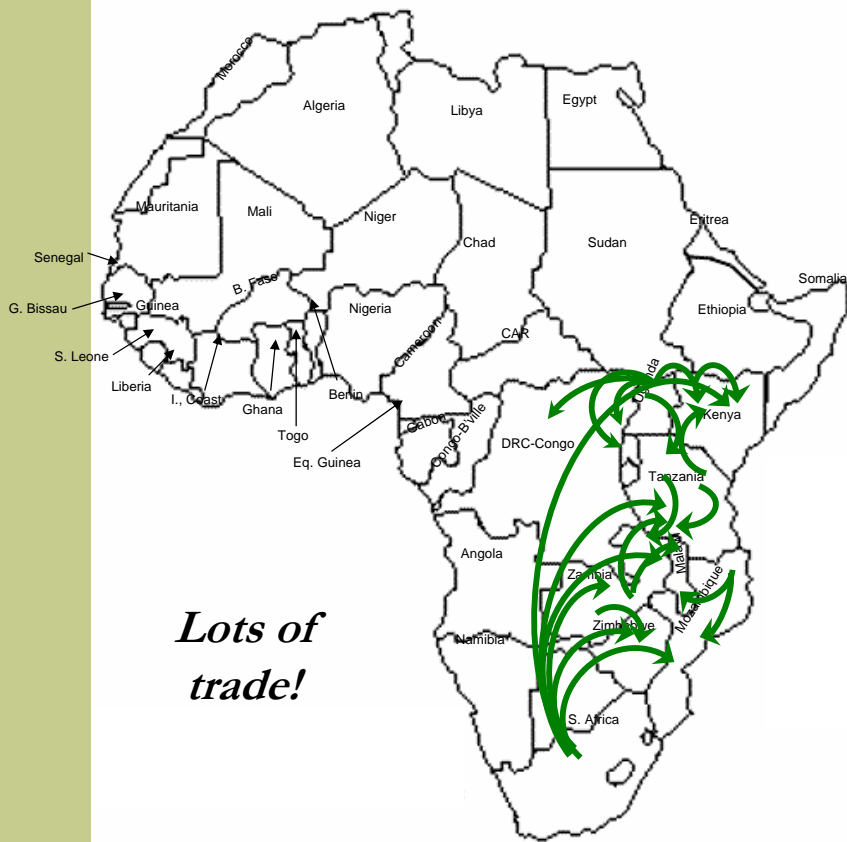
Maize Trade Flows in East and southern Africa



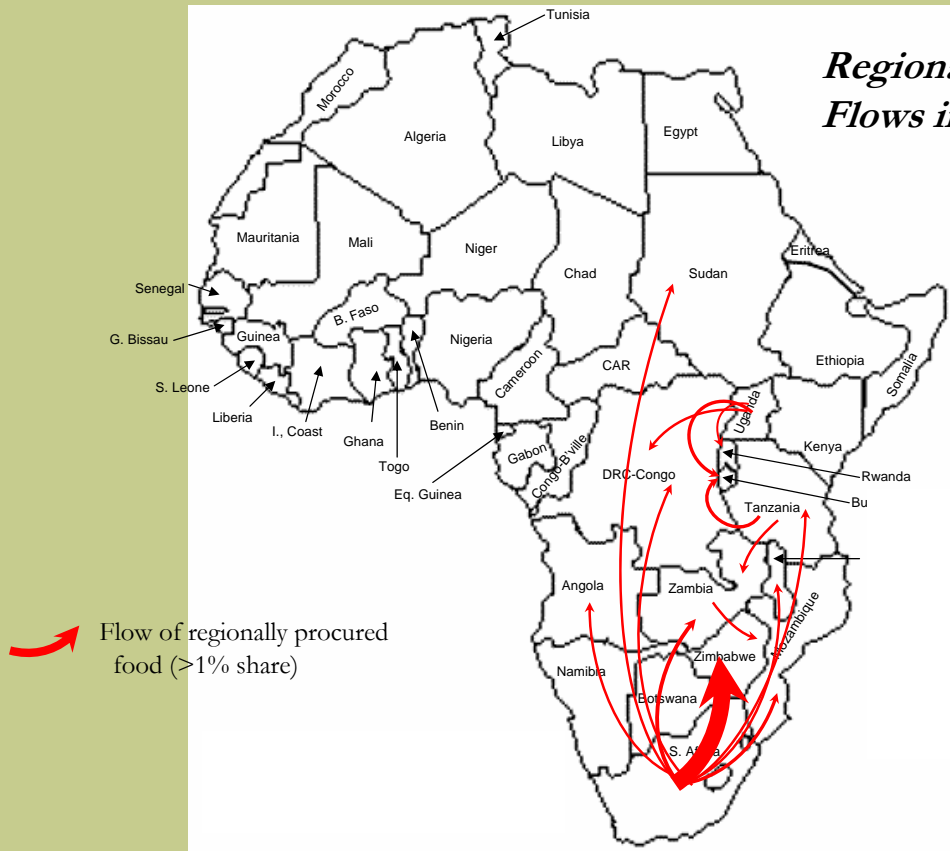
Maize Trade Flows in East and southern Africa



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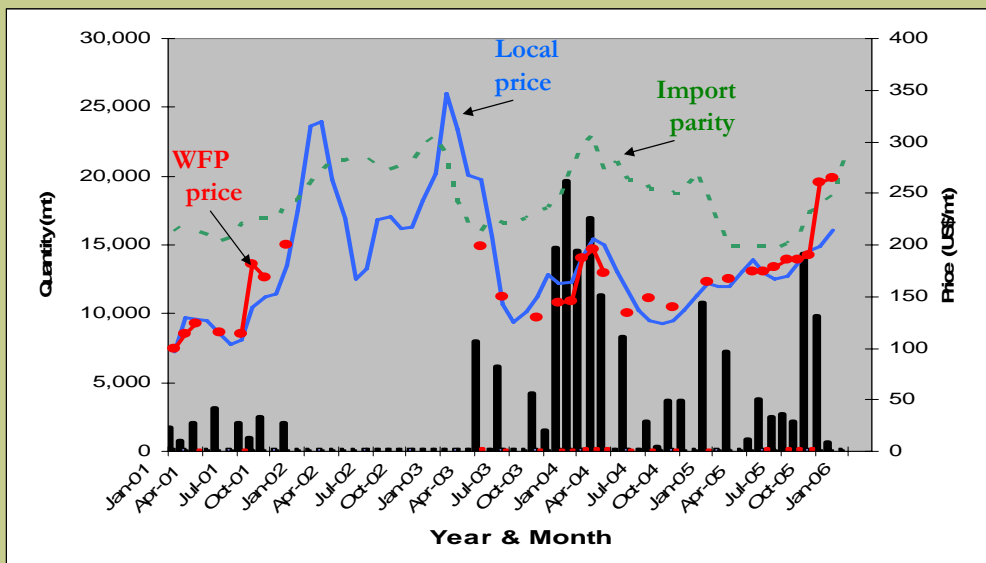
Regional Food Aid Flows in Africa



Flow of regionally procured food (>1% share)

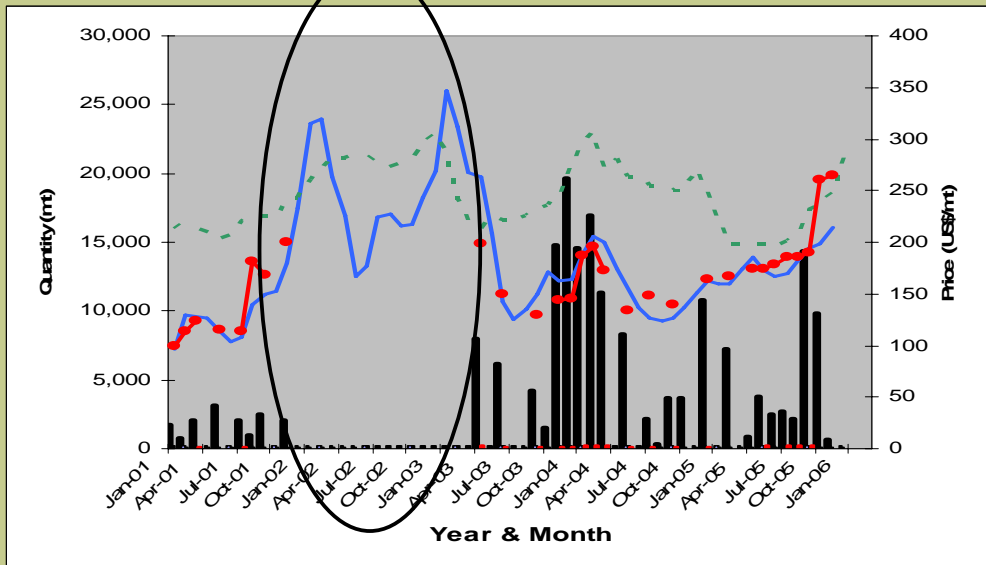
LRP's Track Record

WFP Purchases, local wholesale prices, and IPP from SA in Lusaka



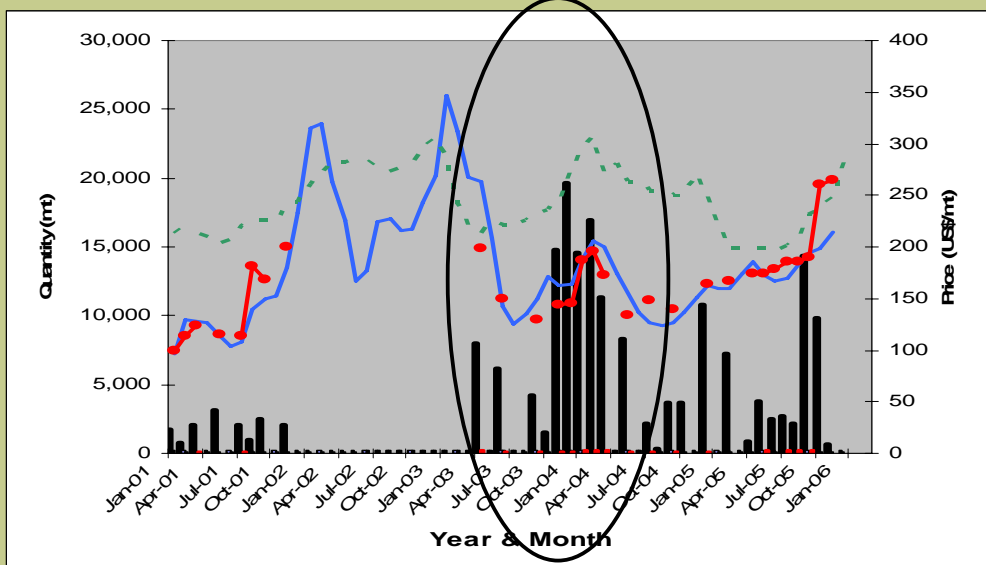
LRP's Track Record

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WFP Purchases, local wholesale prices, and IPP from USA in Lusaka



LRP's Track Record (food safety)

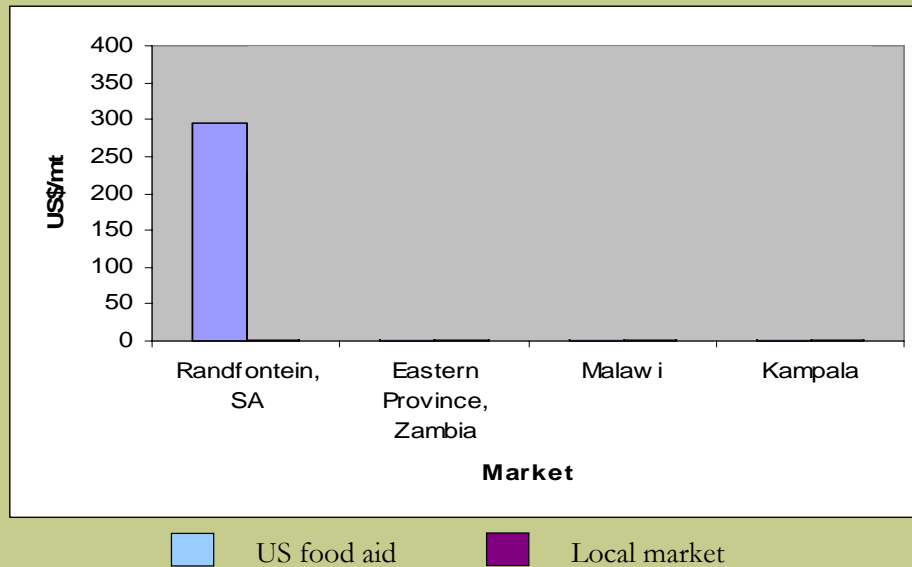
- Aflatoxin in maize can be a big issue
- But precautions are straightforward
- Maize from WFP is at least as safe and as high quality as normal trade
 - Criticisms in Uganda have been that WFP has not raised standards high enough beyond the normal trade
- SSA has substantial and growing capacity to produce local versions of CSB
 - And cost and timeliness advantages the largest here

LRP – Feeding More People

- On actual WFP procurement of maize in Kenya, Uganda, and Zambia from 2001-2005:
 - Savings compared to U.S. food aid: US\$67,700,000
 - Extra maize this would purchase: 437,719 mt
 - People this could feed: 1,200,000 for 2 years
 - 1,800 kcal/person/day
 - During at most 8/180 months would U.S. food aid have been cheaper
- Consistent with other findings
- Savings on CSB and maize meal even higher
 - And timeliness advantage even greater

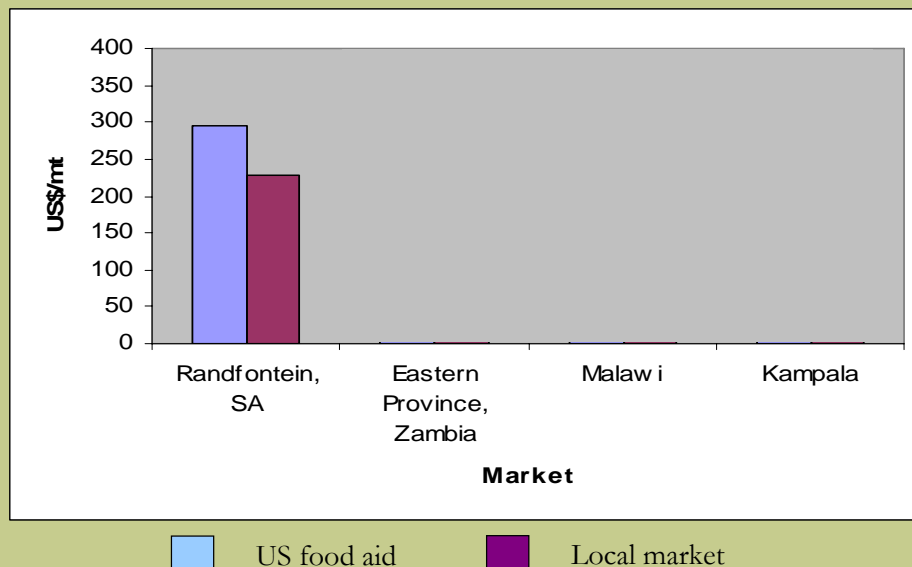
LRP – Feeding More People (2)

Cost of delivered US Food aid vs. Local Prices (April 2007)



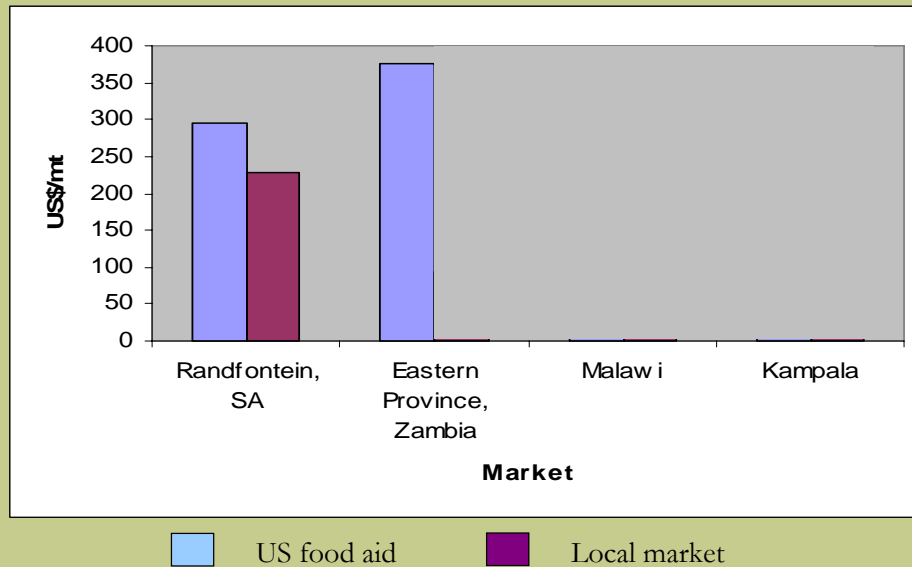
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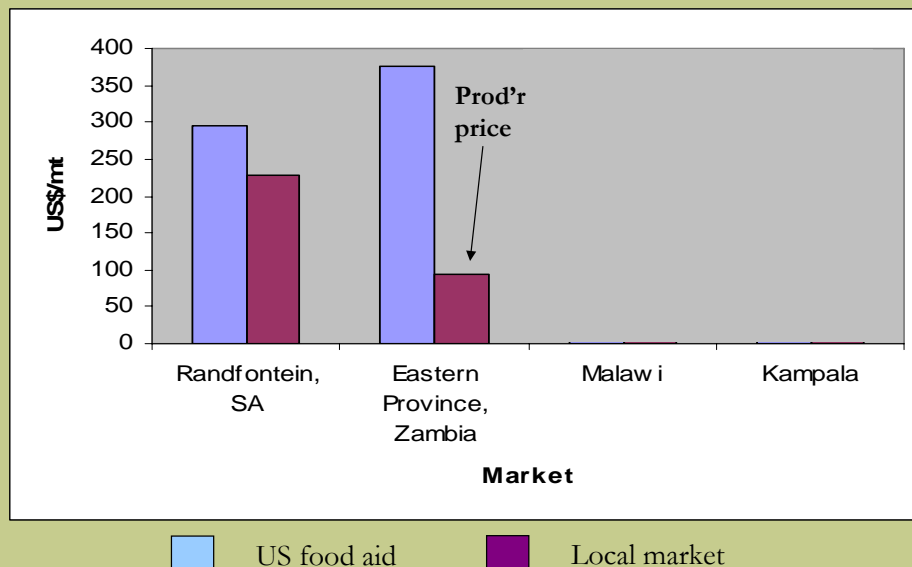
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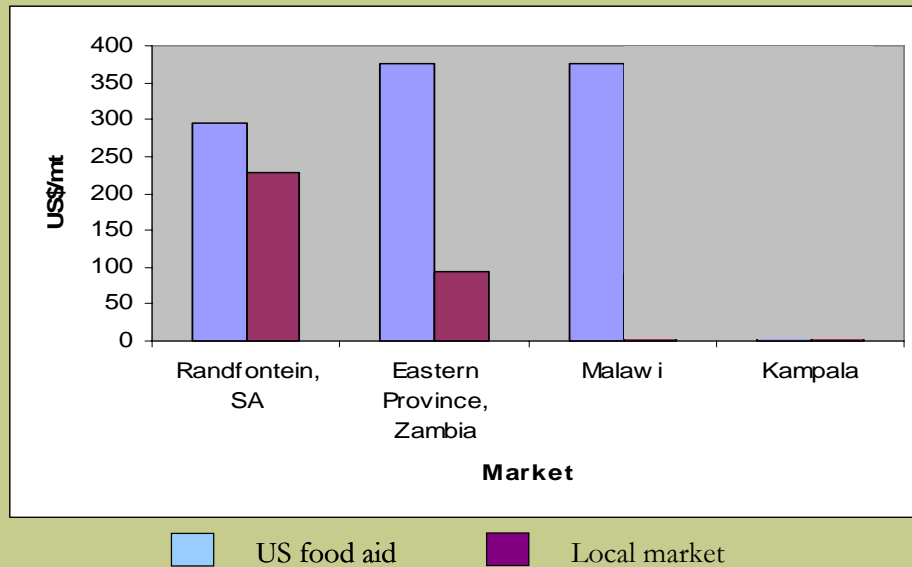
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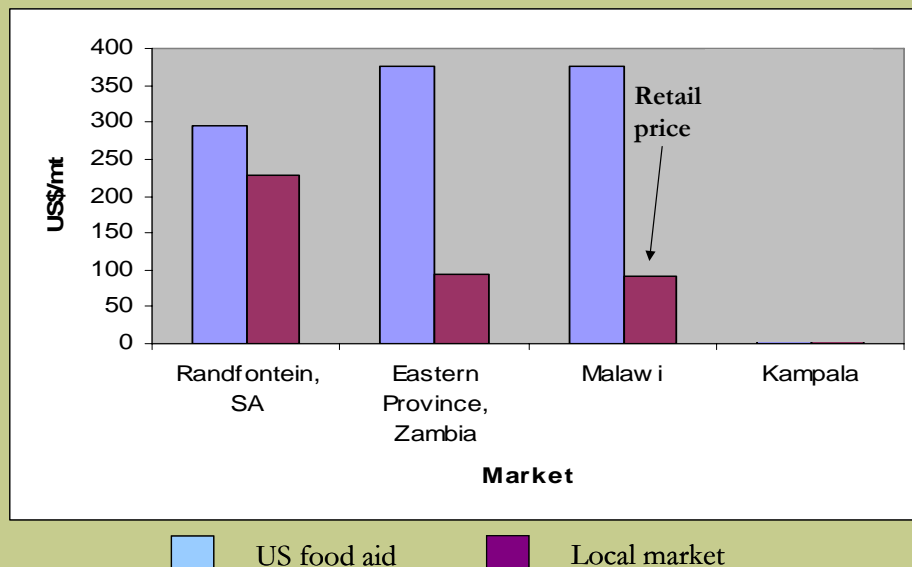
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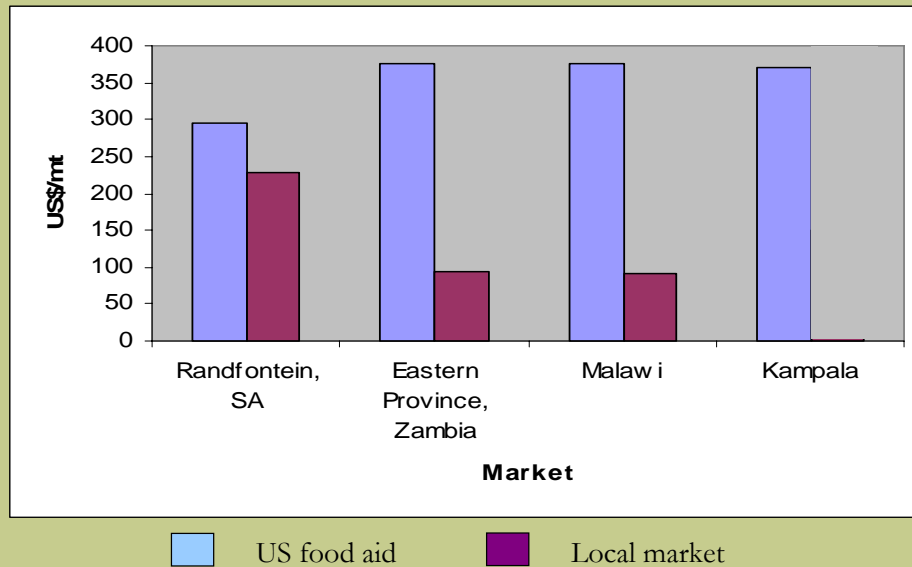
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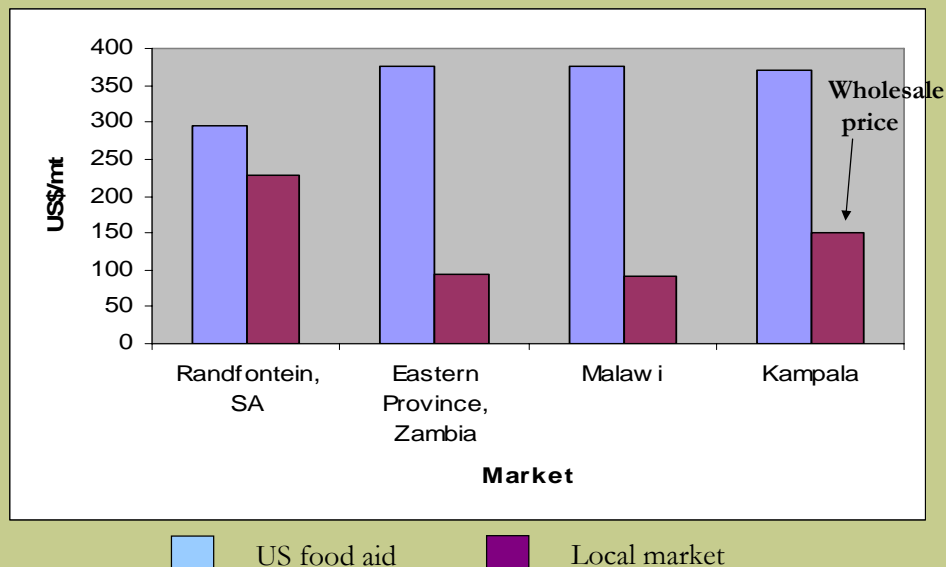
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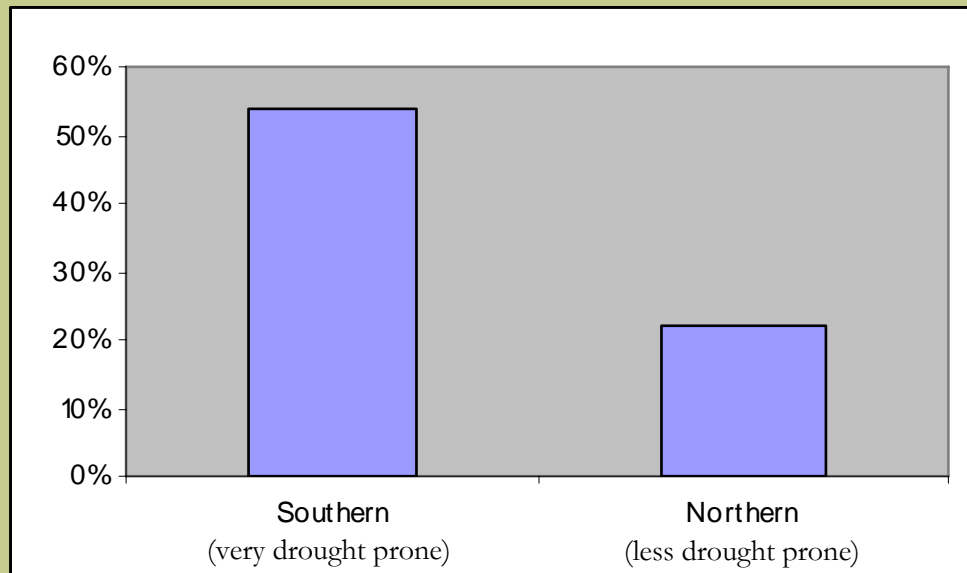
LRP – Feeding More People (3)

- The price patterns just presented will continue to show themselves (periodically) in the future
- Are we really going to argue that U.S. tax payers should pay \$370/mt under these circumstances?
 - ... or that we should feed $\frac{1}{2}$ - $\frac{1}{4}$ as many people as possible?
- Canada untied 50% of their food aid several years ago, is considering the rest now
 - Farmers led the way, with the moral/ethical argument carrying a heavy weight

Is food typically the preferred resource?

- Households living in drought prone areas are most reliant on food markets for purchases

Percent Net Buyers of Maize in Two Provinces of Zambia, 2004

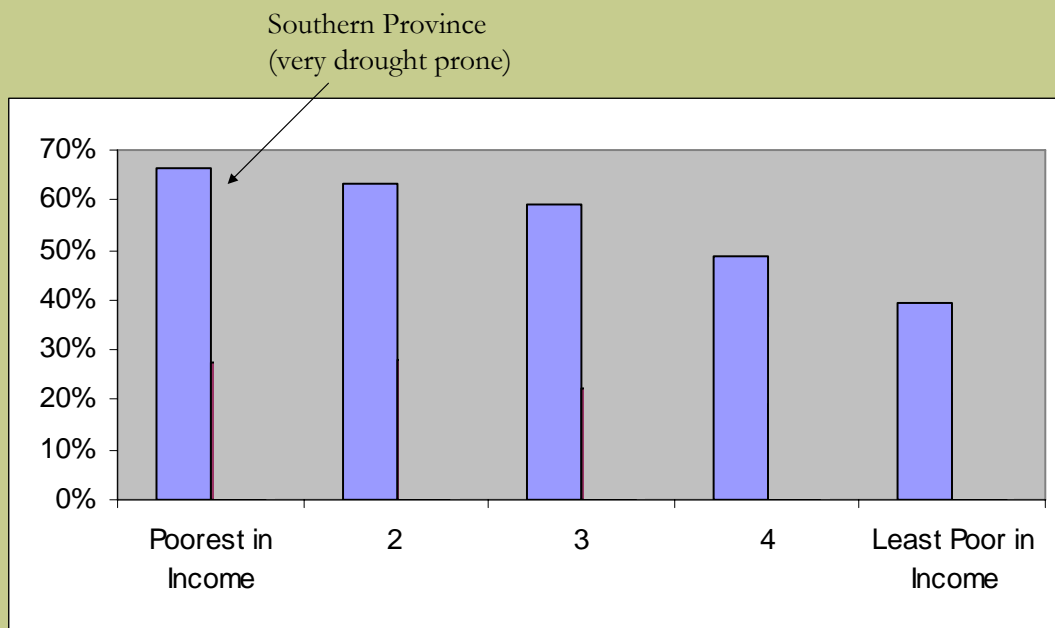


Source: MSU/MACO Supplemental Survey, Zambia, 2004

Markets and the Poor

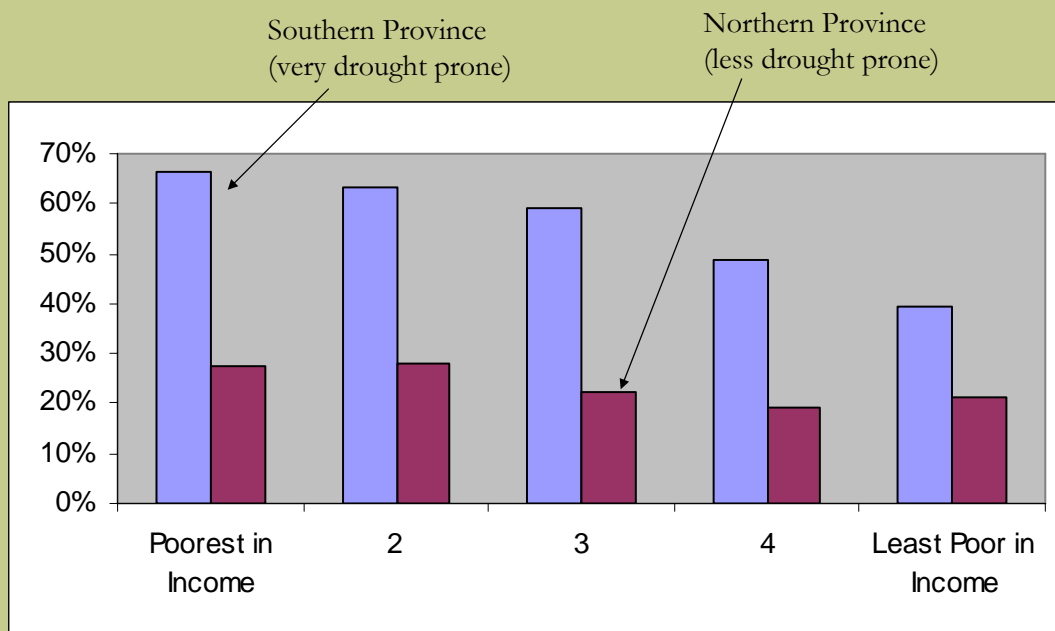
- Within these provinces, the poorest are the most reliant on food purchases

Percent Net Buyers of Maize in Two Provinces of Zambia, by Quintile of Income per capita, 2004



Source: MSU/MACO Supplemental Survey, Zambia, 2004

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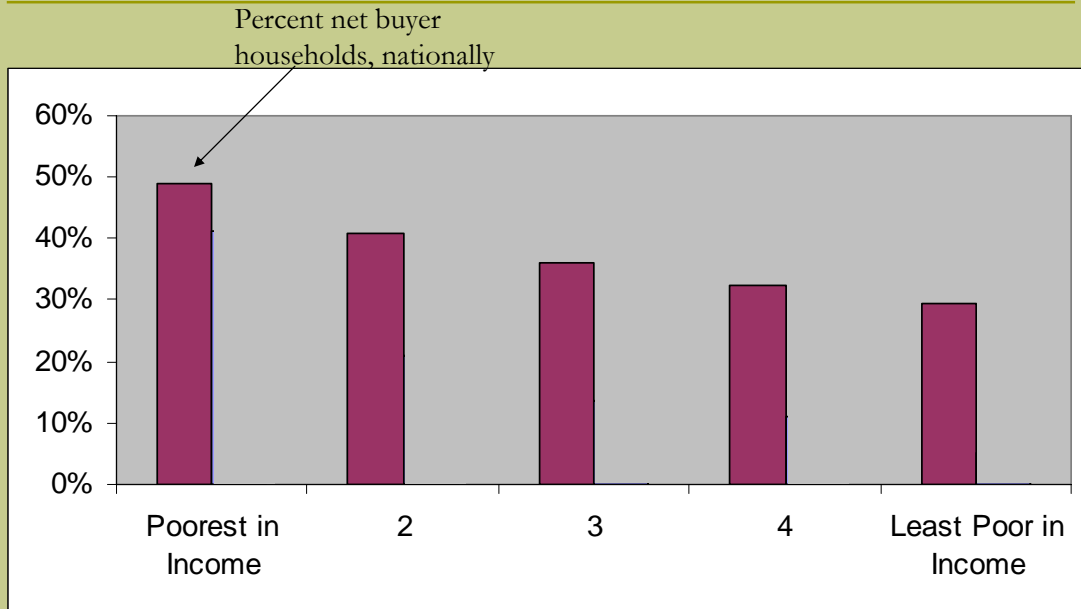


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Markets and the Poor (3)

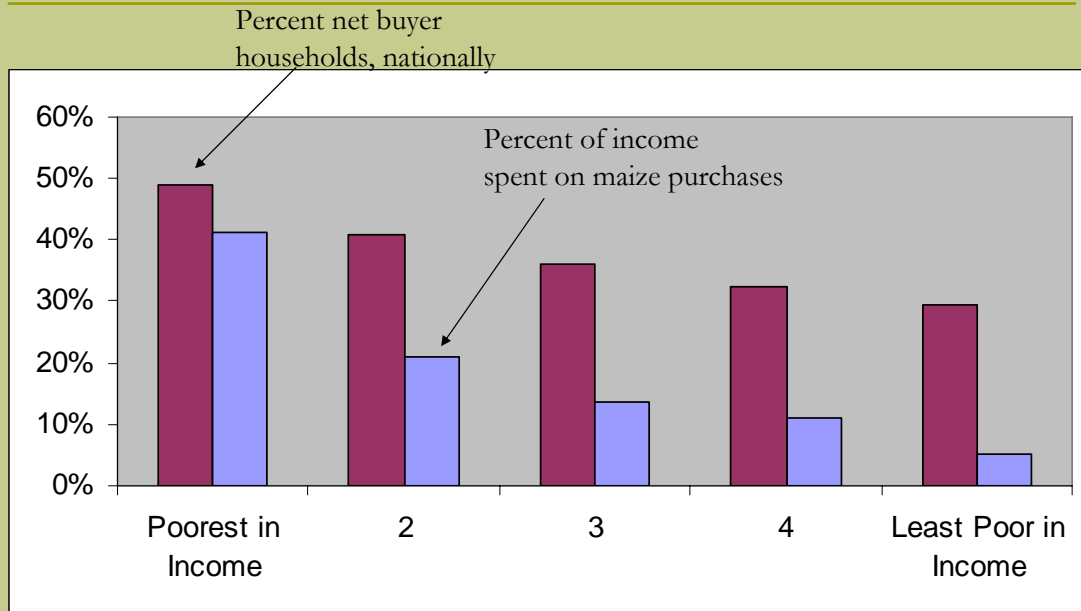
- And the poor spend a much higher share of their income on food staples

Percent Net Buyers of Maize Nationally in Zambia, by Quintile of Income per capita, 2004



Source: MSU/MACO Supplemental Survey, Zambia, 2004

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Wrapping up

- LRP has a good track record
 - Mimics and builds existing African trace
 - Feeds many more people in a more timely fashion
 - Risks can be managed
- Cash in the hands of affected households is often the most useful resource
 - The poor are more reliant on markets, not less

Thank you for your time and interest