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FOOD AID, AGRICULTURE AND THE AFRICAN FARMER: A CURATE'S EGG?

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PREFACE

This Occasional Paper by Dr. Cyril Daddieh discusses the controversial issue of food aid which in the view of the World Bank and the World Food Programme, is "an important and undervalued resource for development in Africa". The discussion, interestingly, includes the entry of some former food aid recipient African countries into the food aid delivery system through a number of innovative arrangements.

At the heart of the debate is the impact of food aid on the health of African economies. Appropriately, therefore, the paper includes four case studies — Lesotho, Tanzania, Benin and Senegal — by scholars of the subject.

In the conclusion the author states that although food aid has the potential to create disincentive effects, these can be mediated by appropriate government intervention. Accordingly he advocates integration of food aid with a holistic food and agricultural strategy.

In the earlier pages, reference is made to the growing literature on food aid which, however, is concentrated on Asia and Latin America rather than Africa. This paper will go some way to redress the imbalance.

I am delighted to place on record, the gratitude of the Institute of Economic Affairs to the Danish Government, through the Royal Danish Embassy in Accra and DANIDA, whose generous assistance made the publication of this Occasional Paper possible.

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African governments have typically been exceptionally eager to obtain as much foreign aid as possible, and have rarely rejected donor-proposed aid programs. As a result, Africans have frequently ceded much of the responsibility for identifying, designing and implementing aid-funded activities to the donors, which have for the most part gladly seized the initiative — Carol Lancaster, *Aid to Africa*.

I have heard ... that people may become dependent on us for food. I know this is not supposed to be good news. To me that was good news, because before people can do anything they have got to eat. And if you are looking for a way to get people to lean on you and to be dependent on you, in terms of their co-operation with you, it seems to me that food dependence would be terrific — The late Senator Hubert Humphrey, Minnesota.

My conversations with knowledgeable people have led me to believe that Public Law 480 could be effectively increased by at least $1 billion. This would not only help people overseas, but it could boost our sagging agricultural sector, and economic analysis indicates that $1 billion of additional agricultural exports will create 25,000 jobs, raise the price of grain by several cents a bushel, and our own economy would receive substantial benefits, and the cost of the agricultural programs would be substantially reduced.... We have problems with hungry people around the world, and burdensome agricultural surpluses at home. I would like to make Public Law 480 the solution to those problems. I would
Since the early days of independence in the 1960s, African governments have made valiant efforts to promote industrialization in order to redress the sectoral imbalance they had inherited, which favored export cash crop agriculture to the detriment of food production, and which tended to exacerbate their economic dependence and associated vulnerabilities. Lamentably, four decades of such efforts have failed to alter this essential imbalance. With the exception of the few mineral producing and exporting countries such as Nigeria, agriculture remains the dominant sector, contributing disproportionately to the continent’s overall gross domestic product (GDP), its export earnings and its employment opportunities. For instance, agriculture contributes 35 percent to Africa’s GDP, employs roughly 70 percent of the labor force, and generates 40 percent of its exports. Paradoxically, such statistics obfuscate the fact that Africa’s agricultural performance has remained lackluster due to what Carl Eicher once poignantly described as a seamless web of political, technical and structural constraints which are a product of colonial surplus extraction strategies, misguided development plans and priorities of African states since independence, and faulty advice from many expatriate planning advisers. Moreover, African agriculture is still the least capitalized as well as least irrigated, and has thus remained hostage to the vagaries of the weather. It should come as no surprise that Africa’s land as well as labor productivity remain relatively low, and overall agricultural growth lags behind that of other regions of the Third World.
An important consequence of these longstanding deprivations is that African agriculture has been unable to produce enough food to meet the nutritional needs of the continent's burgeoning population on a sustained basis, either from domestic sources or through regional exchanges. The failure of African agriculture to keep pace with population growth and rapid urbanization has been most glaring in times of acute crisis. But the problem persists even in normal times. Although tremendous progress has been made by a handful of countries such as Ghana and Nigeria, especially in the production of cassava and the supply of cassava products, sub-Saharan Africa has the highest incidence of chronic undernutrition in the developing world, with some 186 million people or 34 percent of the population affected for the years 1996-98.7 Faced with this central development paradox characterized by great potential, limited success and growing demand, African governments continue to resort to a combination of food aid and commercial imports (the latter is clearly unsustainable over the long haul, given the limited availability of foreign exchange) as they search for ways to provide some appreciable measure of food security for their people. It is worth noting that the trend towards growing food deficits and increased food shipments to Africa is nothing new. Food dependence or lack of food self-sufficiency is a product of Africa's unenviable inheritance from colonialism.8 What is palpably different is that by the mid-1980s, Africa's food position had deteriorated to the point where it had become a major supplicant and recipient of food aid. Indeed, it had been estimated that some 20 percent of the cost of the region's food imports was in the form of food aid.9

How, it may be asked, has all this imported food affected Africa's ability to feed itself? What is the likelihood that food aid is part of the problem rather than the solution to Africa's precarious food balance? And what about the African farmer? How has (s)he been affected by all this food aid? Here I must pause to confess that when the Institute of
Economic Affairs (IEA) first approached me to contribute to a study of the relationship between aid and African development, it is this issue of the impact of food aid on the African farmer that I was asked to address. Fortunately, I had also been given some latitude to frame the issue as I saw fit, and in ways that could stimulate dialogue. After much reflection and a thorough review of the available literature, I have been led down a less ambitious and perhaps less treacherous path to this study of food aid and the African farmer.

There are a number of reasons for the chosen trajectory. First, it is revealing that there are hardly any studies that focus specifically on the relationship between food aid and African producers per se. In itself, this is hardly surprising. After all, African farmers can no longer be treated as a homogeneous entity. Indeed, it can be argued that in Africa as elsewhere, the days of the amorphous peasantry are long gone. Today's African farmers are quite differentiated by gender (in terms of access of men and women to such critical factors of production as land, labor and formal credit), by crop (food versus export cash crops or those intended for domestic agro-industrial processing), and by class fractions (large-scale commercial or capitalist farmers versus medium farmers; small-holders versus landless or tenant farmers and sharecroppers; urban-based absentee landlords and weekend or telephone farmers versus actual producers), to name just a few of the growing complexities. Such differentiation poses serious challenges for study, design and analysis. Unfortunately, challenging methodological and analytical issues cannot be easily resolved, even if an acceptable compromise can be found by adopting the numerically dominant small-holders as a proxy for African farmers.

Secondly, the vastness of the continent, the wide range of recipient countries facing diverse food situations, both in terms of quantities and types of commodities, the multiple uses and different sources of
food aid, coupled with the disparities in state policy making and administrative capacities, not to mention the fact that food aid is likely to have both direct and indirect effects in recipient countries, all make it extremely hazardous to try to establish lines of causality, or to determine precisely what effects food aid has on even African smallholders. It is perhaps safe to assume at this juncture that different countries/regions in Africa and different fractions of the farming community and other local recipients of food aid are likely to experience differential impacts.¹⁰

Given the seriousness of the analytical challenges thrown up by the complexities outlined above, it seems more useful or less untidy to follow the conventional practice in the literature of relating food aid to local food and agricultural production and overall development prospects in Africa. The paper seeks to make a modest contribution to a reconsideration and revision of development issues in Africa by teasing relevant insights out of the growing literature on food aid, a literature which is currently highly concentrated on Asia and Latin America rather than Africa, and allowing them to inform African realities. The balance of this paper is divided into four sections. We begin by examining some of the general trends in food aid to Africa, followed by a survey of debates about the salience of gains and pitfalls of food aid for African agriculture and development. We then turn to specific African cases in order to draw some tentative conclusions about the impact of food aid on the future of African agriculture and development.

**Trends in Food Aid to Africa**

As indicated earlier, as Africa's food consumption needs have continued to exceed its capacity to meet them from domestic and regional sources, governments have usually relied on a combination of food imports and food aid. Hence, the phenomenal growth in cereal
as well as non-cereal food imports (including food aid shipments) over the years since independence. However, the data reveal significant national variations in the contribution of food aid to total food consumption. Levels of food availability and consumption are highly variable, very much dependent on a number of significant factors, including (a) the vagaries of African conditions that produce drought, floods, other natural disasters as well as man-made emergencies such as conflict-induced refugee flows, (b) market-induced financial collapse, (c) the geo-strategic importance and/or attractiveness of particular African countries, and (d) the overall global demand for cereals and availability of surplus food in donor countries.

The salience of the above factors helps to explain why global food aid is highly skewed in favor of a few chosen countries, with Egypt, for instance, ranking as the leading recipient of US food aid to Africa. Indeed, until 1980 Egypt alone received more cereal food aid than the whole of sub-Saharan Africa combined. It is certainly true that Ethiopia, Sudan, Mozambique, Angola and Tanzania also became important destinations for major food shipments during their emergencies. It has also been suggested that in the mid-1980s, food aid represented a significantly high proportion of total net official development assistance (ODA) to Sudan, Liberia, Somalia, Lesotho, Malawi, and Sierra Leone, ranging from 10 to 20 percent. However, Egypt's pre-eminence in the American food aid firmament remained unchallenged.

An equally important development in the African food aid system is the sea change that has occurred in the number of donors and the channels of distribution of food aid. Bilateral (government-to-government) transfers are increasingly supplemented by food deliveries from multilateral agencies (through the World Food Programme) and non-governmental organizations (NGOs). While the
United States, the original architect of food aid as reflected in its Public Law 480 (PL 480) legislation of 1954, remains the largest single donor, it has since been joined by other important actors, including the Commission of the European Union which administers a Community-wide food aid programme. European Union (EU) food aid is even complemented by national programmes initiated by individual EU member states such as Britain, France and Germany. In addition, several other OECD countries, notably Australia, Austria, Canada, Finland, Japan, Norway, Sweden and Switzerland, have established their own national programmes. Not to be completely outdone, the former Soviet Union also provided significant food aid to Africa during the 1980s. Even more interestingly, a handful of Third World countries led by Argentina, China, India and Saudi Arabia, also mounted their own aid programs although these pale in comparison with those of the major donor countries.

Another interesting development is that some hitherto food aid recipient African countries have been brought into the food aid delivery system through a number of novel and still evolving arrangements. While some have occasionally provided food on a bilateral basis for disaster relief in neighboring countries, others have participated in the system through triangular transactions in which donors purchase food from them for distribution elsewhere in the sub-region. In trilateral operations, a donor commodity is exchanged for a different one in an African or Third World country. The latter is then distributed as food aid in another regional member state. Some donors also make local purchases in a recipient country for use as food aid elsewhere in the same country. Finally, there are exchange arrangements in which a donor-provided commodity such as wheat which is intended for use in urban areas, is swapped for a local commodity such as maize, which is then used as food aid.
The experiences of Cameroon, Kenya and Zimbabwe are suggestive of the range of possibilities that is available. In Cameroon, rice supplied by donors was exchanged in the south for locally produced rice, which was then distributed as food aid in the north. In Kenya, donated wheat was exchanged for domestically produced beans and white maize earmarked for distribution in rural areas. In Zimbabwe, donors provided cash to buy white maize for food distribution in neighboring countries. On other occasions, wheat was made available to urban areas in exchange for white maize, which was distributed as project food aid in rural areas elsewhere in the region. Although still relatively small, the above instrumentalities are being used to disburse a growing proportion of food aid. They appear attractive because of their potential contributions to cost savings, timeliness, increased agricultural production and trade in developing countries. Moreover, food commodities provided in these new ways are more likely to be familiar to local consumers or compatible with local food habits, and are thus more acceptable to them. They also minimize the potential for costly "taste transfers" down the road (we will return to this point later). Lamentably, as the World Bank has argued, uneven production and lack of accurate information, coupled with inadequate transportation and storage facilities as well as problems of quality control, deficiencies in management and administration, all militate against greater use of such innovative and promising instruments.

Finally, it is important to keep in mind that there are different categories or uses of food aid. Programme food aid is the single most important category of food aid, and sometimes accounts for as high as 70 percent of the total. The way it works is that food commodities are delivered directly to African governments or their food purchasing and processing agencies for distribution. These direct transfers are normally sold in the urban markets of recipient countries, thereby generating revenue for national governments or their agencies. By contrast, project food
aid, the second archetype, which accounts for 20 percent of the total value of food aid, is typically provided in the form of a grant and is targeted at specific beneficiaries and development projects. It may be aimed at transferring income to the poor or satisfying their minimum nutritional needs in normal years. Project food aid commodities are normally sold, first, to designated beneficiaries (project workers or members of cooperatives, often at subsidized prices); second, as part of a project (for example, reconstituted milk produced with food aid commodities in dairy development); and third, a small amount may be sold on the local market. This type of food aid has also been used to support 'supplementary feeding' aimed at improving the nutritional status of pregnant or lactating mothers infants, school children and other vulnerable groups.

As the name implies, emergency food aid is generally mobilized in response to emergencies such as sudden natural disasters, conflict-induced hunger or famine, as well as to shortfalls in production caused by drought, pests and crop diseases. Some distinctive features of emergency food aid include its initiation under time pressure or duress; it does encounter even more logistics nightmares than usual; almost all of it is provided gratis to recipient African countries and individuals caught in the emergency. It is worthy of note that while the share of emergency food aid is relatively small (it typically accounts for roughly 10 to 15 percent of the total food aid), it has been the focus of much media attention and critical commentary.¹⁸

While programme food aid is almost entirely a bilateral transaction, the primary channel through which project food aid is distributed is the multilateral World Food Programme (WFP) of the Food and Agricultural Organization (FAO). However, such multilateral efforts may be supplemented by national governments as well as some NGOs. Similarly, emergency food aid is delivered through multilateral channels,
although in certain African emergencies NGOs have played a much greater role using their own resources as well as those of bilateral donors. Finally, adding to the complexities, each of these categories—programme, project and emergency food aid—is governed by its own set of donor legislation, procedures, sources of financing, and methods of operation.

Food Aid: Kudos, Qualms and Quarrels

Based on the sheer volume of transactions and the number of both donors and recipients involved, it is fair to say that food aid is both important and popular. And, as the opening citation by Lancaster suggests, African governments have been captured, perhaps even captivated, by aid in general, and seduced by food aid in particular. At the very least, they appear to share the view espoused by the World Bank and the World Food Programme that food aid is an important and undervalued resource for development in Africa. In a collaborative study, these institutions estimated that the net value of food aid to Africa between 1985 and 1990 averaged $1 billion a year, roughly the same as the net transfers to the region by the World Bank and International Development Association combined. They also insist that these figures actually understate the real value of food aid which is even greater because it involves very little "reflows" (repayments) to donor countries. Furthermore, in general, food aid is provided on concessional or softer terms than other official development assistance (more than 80 percent has apparently been provided as a grant, and the remainder on soft repayment terms). Taken together, they make the net resource transfer through food aid significantly greater. They have even suggested that the food aid component of official development assistance for the period between 1985 and 1990 would have been 25 percent higher if both were measured taking their grant element into consideration. Thus, they have joined forces with other
advocates in highlighting food aid's vital role in feeding the poor, saving lives in emergencies, and enabling countries to achieve economic growth and greater social equity.21

As indicated earlier, the different types of aid and their uses may have differential impacts on development. Take the case of Project food aid, which is distributed directly to recipients through food-for-work or supplementary feeding programmes. It is touted by advocates for its dual role in promoting new activities or protecting existing programmes that support human resource development while at the same time increasing food consumption. It has been suggested that in situations in which it is difficult to increase food supply in the short term, or if food prices are subject to inflationary pressures, food aid can have a positive impact on development by making additional development projects feasible.

Indeed, project food aid has generally been used to support agricultural and rural development projects and human resource programs. It has been estimated that about half of project food aid in the form of cereals to Africa during the 1980s, supported agricultural and rural development projects, mainly through food-for-work programmes that provide employment and income for poor, food-insecure households. That proportion may have since declined. About a quarter supported health and nutritional projects and 7 percent supported food security and food stocks in 1988/99, again significantly less than in the mid-1980s.22

Some critics of food aid have argued that it is inferior to cash or financial aid. However, as H. W. Singer points out, while financial aid agreements are conventionally expressed in cash terms, transfers of free foreign exchange are quite rare. According to Singer, much of what is called food aid is in actual fact financial aid, for purposes of...
economic analysis. As indicated earlier, the lion's share of food aid consists of programme food aid. Much of it is offered for sale in the recipient country with a view to providing balance-of-payments support. This type of food aid must be regarded as directly equivalent to the foreign exchange resources which are released because the recipient country's government does not have to engage in costly commercial food imports. Instead, it is common practice to count such transactions as food aid. Even with project food aid, part of the food is supplied with the intention and effect of substituting for food that would otherwise have been commercially imported.

As a result, Singer argues that in the final analysis, food aid given as balance-of-payments support really represents financial aid. He professes that the same can be said in respect of the local counterpart funds arising from the sale of food aid. The revenue accruing to the recipient government from the sale of food aid allows the government to finance the local and running costs of development projects, aided or unaided. Thus food aid helps with local development costs, often a crucial bottleneck, in a way that financial aid usually does not. The same conversion of food aid into financial assistance is also achieved when food aid is 'monetized'. This implies that food aid is sold near the port of entry — normally in the big urban centers — and the proceeds are then used to finance rural development projects such as labor-intensive public works leading to additional demand for local food. Such monetization appears to be increasingly favored in food aid management, thus further blurring the distinction between food aid and financial aid.

Viewed from this optic, much of food aid is, indeed, financial aid. Again, according to Singer, the reverse is also true. Much of what is labelled financial aid is, in fact, food aid. This results from the fact that all financial balance-of-payments support which sets free foreign
exchange, is available to be devoted to the importation of food and whatever else the government might decide to import. Moreover, some financial aid is directly given to enable countries to import food when the cost of imported food rises or the ability to buy imported food declines; this is true of the Food Financing Facility, a part of the Compensatory Financing Facility (CFF) administered by the IMF. Furthermore, some of the so-called commercial food imports are in fact subsidized under various export credit or other facilities. Thus, he concludes that:

In the final analysis, there is no such thing as financial aid: all financial aid has to be converted into commodities serving as inputs into the development process — machinery, raw materials, spare parts and also food — except perhaps where aid serves to build up financial reserves or bank accounts in Switzerland! Thus all aid is really commodity aid. The only real difference is that in the case of financial aid the first step is a money transaction and the conversion into commodities follows later; whereas in commodity aid the second step comes first and, as we have just argued, the conversion of the commodity aid into financial resources often follows as a second step.24

Echoing Singer’s observations, the World Bank and the World Food Programme have estimated that Programme food aid has contributed up to $400 million a year to the balance of payments of African countries in recent years by displacing commercial imports.25

Notwithstanding the generally positive assessments recounted above, as a form of development assistance, food aid has as many outspoken critics and detractors as it has proponents. Even the World Bank and
the World Food Programme have conceded that too much food aid can be hazardous to the health of African economies. They agree with those critics who argue that food aid can flood local markets and cause prices to drop. They have also confessed that there are problems with reliability, logistics and unfamiliar commodities. From my perspective, an even more serious danger is that programme food aid deliveries may be driven by donor surpluses and conditioned by domestic political calculations rather than by considerations of developmental needs, thus leaving African countries too vulnerable to political manipulation, as the second and third opening citations reveal. Moreover, programme food aid has often enabled African governments to pursue a "cheap food policy" by distributing food at concessional prices to urban consumers without producing sustained benefits for the poor, or contributing to long-term economic growth. Furthermore, there is some evidence to suggest that programme food aid can create an enabling environment permitting state-owned enterprises (SOEs) or parastatals to continue to operate inefficiently. There is also some concern that the revenues from the sale of food aid may not be put to productive use, but may instead provide general budgetary support for loosely structured public expenditures. In addition, certain individuals with access to food procured at below market value can gain a financial windfall.26

Assuming that all or most of the above criticisms are valid, they would amount to a serious indictment of food aid, thus tarnishing the image presented by its ardent supporters. But in order not to get ahead of ourselves, we must reserve judgement until we have entered into the substantive debate about the impact of food aid. That debate has revolved around those "disincentive effects" created by food aid for local agriculture and food production. The disincentive argument runs as follows: the increased supplies made available by food aid depress prices received by farmers (producer price disincentive). This price
disincentive may be exacerbated by a policy disincentive, which allows the government to neglect its agricultural sector or to pursue wrong-headed or inappropriate agricultural policies. The combination of these two disincentives leads to decreased food production. Another potential problem posed by food aid is that it cultivates (no pun intended) foreign tastes whose demand cannot be met from local sources of production. Not only does taste transfer undermine the potential for self-sufficiency, but it can contribute to balance of payments difficulties down the road when the aid dries up, and import levels have to be maintained in response to pressures from powerful social groups whose tastes may have been conditioned or altered by imports or aid (dietary disincentive and import dependency effect). Even project and emergency food aid may not be immune to such disincentive effects. It has been suggested that improperly conceived food-for-work programs have the potential to draw farmers away from cultivating their own crops. In cases where food aid is distributed freely (following an emergency), farmers might also be discouraged from working at all (a labour disincentive). One critic is even more unforgiving in his condemnation, arguing that in Mogadishu "food-for-work consists of giving people empty garbage bags and then trading a bag of food for a bag of trash. ... local agriculture and self-sufficiency is undermined, sack by sack." Other less serious effects have also been identified, including the potential for displacement of commercial imports from poor countries and the nurturing of dependent relationships between recipients and donors, as evidenced by the second opening citation.

The above summation suggests that the disincentive effects may operate in different ways and at different levels. In a recent contribution to the growing scholarly debate on these effects, Jim Fitzpatrick and Andy Storey focused our attention on the operation of food markets in Third World countries. They argued that such markets operate much
like the economist's traditional market model. In such a market, a sudden bumper harvest results in a glut unless the population can be persuaded to buy more food. Assuming consumption patterns remain unchanged, such 'persuasion' will mean farmers have to reduce their prices in order to sell the extra production, thus leaving the eventual compromise market clearing price lower than the pre-harvest one. If, however, consumers are prepared to buy more food at any given price than they would have done previously, then a reduced price is not necessary to persuade them to consume more.30

The injection of external food aid can have an effect that is analogous to that of a bumper harvest. If consumer demand for food remains unaltered at the prevailing price, then the additional food supply will only be consumed if the average price is reduced. The potential price disincentive effect is triggered because the lower market price will apply to all food, and not just to food aid commodities. Under those circumstances, farmers will receive a lower price for their crops. Given the usual link between price and production, this means that over time farmers may reduce the amount of crops they grow or sell. "This is what is known as the 'price disincentive effect' of food aid. It means that food aid, if it depresses local market prices, may lead to reduced local food production and self-sufficiency."31 They suggested that a similar outcome may be produced at regional and local levels as well. In the event that food aid is injected into an area that is relatively isolated and not well integrated into national markets, it could potentially trigger a negative price effect even though the nation as a whole may not be experiencing such an outcome.32

One very significant contribution made by the authors to the food aid debate is that they have gone beyond the analysis of the circumstances under which food aid might create price disincentives to inquire into the ways in which the disincentive effects of lower prices might be
avoided. Recalling that the fundamental chain of causation underlying price disincentive effects is that food aid increases food supply, causes market prices to be lower than they would otherwise be, thus decreasing agricultural production, Fitzpatrick and Storey have identified three scenarios under which such an outcome might be avoided. The first two scenarios apply to the 'supply' and 'demand' sides of the market equation, while the third relates to the nature of food markets in Third World countries themselves.

On the supply side, they profess that food aid will not reduce market prices if it does not increase the overall food supply. The net amount of available food will not increase if food aid merely replaces commercial imports that the recipient country would otherwise have purchased, that is, its 'usual market requirement' (UMR). However, as the authors confess and the third opening citation confirms, commercial market or import displacement is officially frowned upon by donors.\textsuperscript{33} They also admit that assessing the extent to which food aid displaces commercial food imports in practice is not easy because of the paucity of information about what the actual level of imports would have been if food aid had not been made available. Moreover, assuming the arrival of food aid causes more food to be utilized at any given price level, then the dampening effect on prices may be offset, thus avoiding the automatic price fall; in other words, even if food aid leads to increased food supplies, prices may not be lowered if demand can be stimulated. The additional demand may be generated by directly targeting food aid to those most likely to consume it over and above their existing consumption. Such targeting can be achieved through such measures as direct distribution to the poor via institutional feeding, food-for-work and other development projects, and distribution of 'self-targeting' commodities which tend to be consumed primarily or exclusively by lower-income groups. These may be ways of ensuring that much of the new supply will lead to a corresponding increase in food consumption without lowering prices.\textsuperscript{34}
Fitzpatrick and Storey also contend that additional *indirect* demand can be created by the widespread distribution of the positive economic impact of food aid. For instance, if food-for-work is used in development projects, which succeed in raising the incomes and living standards of the poor, it will enhance their ability to purchase food. Similarly, counterpart funds generated from the sale of monetized food aid can be used for developmental purposes to raise the incomes and food demand of the poor. Here Fitzpatrick and Storey are in agreement with Singer, as the earlier discussion shows. But they raise a more controversial point when they posit that even when wealthy groups benefit from non-targeted food aid, their increased disposable incomes may be spent on commodities produced by the poor, thus indirectly allowing the poor to purchase more food. Furthermore, when the problem of food availability is a source of obstacle to development, as reflected, for example, in rapidly rising food prices, food aid can play a positive developmental role by allowing average real incomes to rise in the medium to long run.35

There is an important caveat to all of this. The foregoing insights presuppose that food markets in Africa and elsewhere in the Third World obey genuine free market principles. The crux of the matter is that few of them are allowed to do so. Most of the countries operate systems of administered agricultural prices through the mediation of buffer stocks designed to stabilize market prices. In the event of a fall in prices, surplus stocks are purchased, to be resold later when prices are trending upwards. In cases where such a system exists and is operating successfully, the price disincentive effects of food aid may be mitigated by such a strategy. In this case, food aid may make it possible to implement such a buffer stock system. Relatedly, *market segmentation* can have a similar salutary effect on prices and domestic farmers. In the latter scenario, the consumer food price is allowed to fall, but producer prices are maintained at higher levels by some form
of market intervention. Again, this sort of market segmentation is possible in those countries which regulate their agricultural sectors through parastatal marketing bodies.30

What if all the above mechanisms were to fail to stave off the price disincentive effects? Will the resultant lower prices always mean a bad outcome of food aid? This is another one of those tantalizingly controversial questions posed by Fitzpatrick and Storey. Their position is that there are instances when the lower agricultural prices and production induced by food aid ought to be embraced because they generate other benefits or facilitate the achievement of other desired national goals. For instance, when food prices fall, some producers may suffer and output may in fact be lowered; however, that might, in a perverse sort of way, serve the greater public good by allowing the rural and urban poor who normally spend a disproportionate share of their incomes on food, to pay lower prices and, thus, be in a better position to meet their household consumption needs.37

**Selected African Experiences: Summary Evidence**

As indicated earlier, there have only been a handful of studies that purport to test the insights thrown up by the theoretical debates over food aid against the realities on the ground in Africa. In addition to the work of Christopher Stevens cited earlier, John Shaw and Edward Clay trained their analytical lenses on several African experiences. In **Lesotho**, which has had one of the longest experiences with project food aid in Africa, evidence is presented to support the claim that "within the constraints imposed by being not only landlocked but entirely surrounded by the Republic of South Africa (RSA), assistance in the form of food aid came to play a critical role in sustaining development and food security."38 The contribution of food aid was especially significant in the diets of the poor. A food survey found that a third of
households had insufficient income in cash or in kind to meet their dietary requirements. Not surprisingly, the survey found that most of the participants in food-for-work programmes were either from landless households, or from households headed by elderly widows (female-headed households), for whom food aid was especially important in their total food supply. Lesotho’s experience suggests that project food aid can be organized to support the development and maintenance of rural infrastructure, and increases in sustainable agriculture and human resources. Women in Lesotho have been the principal beneficiaries of food assistance, thus improving their welfare. Nevertheless, even in Lesotho, there have been limits to, and concerns raised about, project food aid. There is a recognition that greater emphasis should be placed on activities that generate permanent employment in rural areas.

In Tanzania, food aid has been distributed since independence in 1961. During the early and mid-1980s the country experienced severe food shortages. Food aid played a crucial role in averting a disaster, especially in the urban areas, because commercial imports were curtailed by the lack of foreign exchange earnings. Over the period 1989-91, the WFP was the most important provider of cereal food aid to Tanzania. Over the same period, programme food aid accounted for about a fifth, project food aid over a half, and emergency food aid about a quarter of the total quantity of food aid. Tanzania also received significant quantities of maize from Zimbabwe, and wheat from India in 1983-4 under triangular food aid arrangements. It has been suggested that this is a good example of the use of food aid to strengthen South-South cooperation, and to stimulate trade among developing countries. In this way, food aid may contribute to food production and improved welfare of farmers in African or other southern countries.

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Additionally, according to Shaw and Clay, monetized programme food aid has released funds that have provided budgetary support for development activities in various sectors of the economy, especially in agriculture and livestock production. WFP assistance helped to stabilize the workforce of the sisal industry through improving workers’ housing on the sisal estates, and by supplying commodities to the labor force at subsidized prices. The combination of availability of food and housing acted as a powerful incentive to attract and retain workers. Proceeds from the sales of food aid to the workers at subsidized prices were used to construct workers’ houses.

While food aid has thus made a number of crucial contributions to Tanzanian agricultural development and the country’s balance of payments, the authors identified a number of existing problems as well as opportunities. These problems include the high transport and logistical costs, and constraints resulting from the massive size and difficult terrain of the country. Inadequate accounting and programming for the large amounts of funds generated by food aid sales, also pose a problem. Careful coordination of donor activities has become a real necessity because of the multiplicity of actors involved in the Tanzanian aid system. All in all, the authors contend that “there is increasing recognition that, given an appropriate policy framework and careful project design, food aid can assist significantly in promoting growth while safeguarding equity. Within this recognition lies the challenge for food aid in Tanzania for the years ahead.”

Benin has also had a long experience with food aid. It was apparently the first country to adopt the multi-purpose project approach supported by food aid for both development and to meet emergencies. It has been estimated that during 1987-1991, about 23 percent of the food aid provided to the country was in the form of programme (non-project) aid, mainly wheat for sale in urban areas, with the accrued funds being
used for investment in development activities. Some 74 percent of the total food aid provided was the project type, out of which 44 percent was used to support agricultural and rural development activities, mainly through WFP-assisted, nationwide, multi-purpose projects. The other 30 percent of project food aid was apparently used to improve the nutritional status of mothers and pre-school children, largely through activities supported by the Catholic Relief Services. Emergency relief food assistance accounted for the remaining 3 percent of the total food aid receipts during the 1980s.43

The Benin government apparently gave high priority to rural development, aiming both to satisfy the basic needs of the population, and to attain self-reliance in food production. Improving rural conditions was considered a prerequisite for preventing the drift of the population to urban areas. Project food aid administered through the WFP has generally been used to support Benin's rural development strategy. The major sub-project of production and infrastructure activities has been community development works for rural development. The availability of food aid provided under this sub-project during the non-agricultural season has been an important factor in mobilizing the rural population to carry out works that are considered essential for improving living conditions, production and incomes of the people, mostly farmers. It has been observed that:

As a result of the sub-project, a growing number of villages now have basic facilities for the rural population, reducing the inclination to migrate to the urban centres. A more stable labour force is thus being created to support increased agricultural production. Women have benefited especially from the infrastructural works, especially those relating to improvement in water supplies and health centres.44
Additional contributions of project food aid in Benin include the more than 50,000 children in both primary and post-primary education that have been fed under the school feeding programme, which has apparently enabled more children of poor families to attend school. The promise or beneficial impact of food aid in this context is that the average rate of attendance at schools with canteen facilities has increased by 20 percent. The health and nutritional status of the children has reportedly improved appreciably as well. Other moves in the right direction include the establishment of a co-operative production unit, comprising a vegetable garden, a poultry yard and a communal production field in each school. The children themselves consume part of the produce from the gardens and sell some in the local market, using the proceeds to buy school equipment or additional locally produced foodstuffs.\(^{45}\)

Food aid has apparently played a catalytic role in fostering the growth of rural youth clubs intended to nurture village co-operatives aimed at increasing food production. Again, these clubs are expected to stem the tide of rural youth outmigration to the urban areas by providing training in improved farming techniques to their members, thereby increasing their incomes. The idea is apparently to empower them to improve the living conditions of their villages through increased production and the effective utilization of their resources. It has also been revealed that a portion of the harvest is divided among the members and the remainder marketed through the local agricultural credit banks, and this enables the clubs to buy agricultural tools and other small equipment. Seeds may be obtained from the government on a reimbursable basis. It has been suggested that the future of food aid to Benin is closely related to its absorptive capacity in terms not only of transport, handling and storage facilities, but also of the capacity to prepare and implement sound development projects.\(^{46}\)
Even more pointedly, Simon Maxwell has conducted an extensive study of the disincentive effects as well as the potential for commercial displacement of food aid to Senegal. More specifically, Maxwell set out to test the hypothesis that food aid is in some way responsible for a decline in producer prices, caused either by the release of food aid onto a free market, or by the effect of food aid on the purchasing policies of the government. Relatedly, he inquired into whether or not the availability of food aid has caused the development of food habits that increased import dependency, or caused the Senegal government to neglect agriculture. Maxwell concluded that food aid is not associated with any significant policy disincentive. On the contrary, the evidence pointed to increased government investment in agriculture. Overall, the general context within which food aid is being delivered is favorable. Government policy provides a framework for food policy within which incentives are being provided to agricultural producers. With regard to food habits, he points out that both rice and wheat imports have their origin in colonial times, as part of arrangements made by France to secure peanut oil supplies. While food aid may have contributed to the perpetuation of import-dependent food habits, it cannot be said to have caused them. "Under the present policy regime in Senegal, food aid cannot be held responsible for major disincentive effects. At the margin, cereal food imports for sale probably do displace commercial imports; however, the Government has met its 'usual marketing requirement' "47 Hence, Maxwell advocates expanding cereal food aid to replace commercial imports, providing balance of payments relief and funding targeted nutrition interventions.

The conclusions reached by Maxwell with respect to Senegal are consistent with those reached by Stevens who noted that what is important is to discover how food aid is "good and why it is bad, and to develop some ground rules assessing whether the particular circumstances of a given donor or recipient are likely to result in food
having a positive or negative impact." Similarly, Fitzpatrick and Storey have indicated that "... food aid should not be judged solely on its incentive or disincentive impact. A proper assessment can only take place in the context of a broad view of the recipient economy, a view which includes distribution, output and other effects, and which recognizes the linkages between agricultural and other sectors."

Conclusions

This paper was intended to make a modest contribution to the debate about aid and development in Africa by focusing specifically on food aid and its various impacts on African agriculture and, by extension, on African farmers. Our explorations have led us down the path of greater complexities which we, nonetheless, hope will contribute to sober reflections and informed debates about the food aid regimes in Africa. In the meantime, our analysis has shown that food aid, like other forms of development assistance, is like a curate's egg. It has the potential to create difficulties or disincentive effects for African producers, a problem which can be particularly acute at sub-national levels.

As the selected cases suggest, food aid can create incentives for improving rural incomes and the material conditions of African farmers. There is an emerging consensus that the disincentive effects of food aid can be mediated by appropriate government interventions. The clear implication is that the issue of food aid and its potential incentive and disincentive effects, cannot be divorced from debates about overall government policies affecting the food and agricultural sector. Thus, African governments cannot abdicate their responsibilities for identifying, designing and implementing sound food and agricultural strategies. Food aid can make a positive contribution if it is integrated into a holistic food and agricultural strategy. It is also in this context
that the African record of food aid management is likely to continue to be uneven, given the wide disparities in state capacities for appropriate policy formulation and implementation across this vast continent.
Table 1. Channels of food aid delivery to Sub-Saharan Africa (1987-90 average)

<table>
<thead>
<tr>
<th>Channel</th>
<th>Cereals</th>
<th>Non-Cereals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tons (Thousands)</td>
<td>Percent of total</td>
</tr>
<tr>
<td>Bilateral/GG(^b)</td>
<td>1,813</td>
<td>56</td>
</tr>
<tr>
<td>Bilateral/NGO(^c)</td>
<td>579</td>
<td>18</td>
</tr>
<tr>
<td>Multilateral(^d)</td>
<td>758</td>
<td>24</td>
</tr>
<tr>
<td>NGOs(^e)</td>
<td>67</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,217</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

\(^a\) In grain equivalent.
\(^b\) Government-to-government.
\(^c\) Bilateral food aid through non-governmental organizations.
\(^d\) Provided by agencies of the United Nations System. WFP provided 80 percent of cereal food aid and 85 percent of non-cereal food aid delivered multilaterally.
\(^e\) Food aid provided by NGOs from their own resources (commodities or cash) or for which the original bilateral donor could not be identified.

*Source: WFP INTERFAIS Database.*
Table 2. Major recipients of cereal food aid, 1987-90 average

*(in thousands of tons grain equivalent)*

<table>
<thead>
<tr>
<th>Emergency</th>
<th>Program</th>
<th>Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethiopia</td>
<td>Mozambique</td>
<td>Ethiopia</td>
</tr>
<tr>
<td>Sudan</td>
<td>Sudan</td>
<td>Ghana</td>
</tr>
<tr>
<td>Mozambique</td>
<td>Zaire</td>
<td>Mozambique</td>
</tr>
<tr>
<td>Malawi</td>
<td>Kenya</td>
<td>Mali</td>
</tr>
<tr>
<td>Somalia</td>
<td>Madagascar</td>
<td>Senegal</td>
</tr>
<tr>
<td>Angola</td>
<td>Zambia</td>
<td>Lesotho</td>
</tr>
<tr>
<td>Uganda</td>
<td>Ghana</td>
<td>Malawi</td>
</tr>
<tr>
<td>Niger</td>
<td>Cape Verde</td>
<td>Sudan</td>
</tr>
<tr>
<td>Zambia</td>
<td>Senegal</td>
<td>Burkina Faso</td>
</tr>
<tr>
<td>Botswana</td>
<td>Angola</td>
<td>Kenya</td>
</tr>
<tr>
<td>Other</td>
<td>Mauritania</td>
<td>Other</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>Total Africa</td>
<td>1318</td>
<td>1304</td>
</tr>
</tbody>
</table>

Share of top 5 in total (%) 82.3% 60.9% 39.5%

Share of top 10 in total (%) 90.8% 75.7% 59.5%

*Source: SFP INTERFAIS Database*
NOTES


8. For example, in Senegal, as Simon Maxwell points out, rice and wheat imports have their origin in colonial times, as part of the arrangements made by France to induce peanut production. See his “Food Aid to Senegal: Disincentive Effects and Commercial Displacement,” *Discussion Paper 225*, Institute of Development Studies, University of Sussex, December 1986, p. 16.


10. Christopher Stevens had earlier reached a similar conclusion about the complexities inherent in the analysis of the impact of food aid in his *Food Aid and the Developing World: Four African Case Studies* (New York: St. Martin’s Press, 1979), especially chapter 1.


15. See Box 3 in Shaw & Clay, *World Food Aid*, p. 3.


17. World Bank, *Food Aid in Africa*, p. 27.

18. It is true that depending on the severity of the emergency situation, the proportion of emergency food aid might rise to as high as 20 percent or more of overall food aid, as has happened in some recent years in Africa. For more on this, see Philip Raikes, *Modernizing Hunger*, pp. 171-173.


Three types of food-for-work are in vogue: labor-intensive public works schemes that provide food as part of the wage; community development projects that provide food as an incentive to poor communities to work on infrastructure projects that benefit the community; and agricultural settlement schemes that offer food to tide settlers and farmers over the period when new farm holdings are under development, or when traditional farming systems are undergoing transformation.


It is true, as the author points out, that governments might have pursued the same policies without food aid, although they would have found it very difficult financially to sustain such activities.


29. See Stevens, *Food Aid and the Developing World*, p. 16. Stevens cautions against reading too much into statements by politicians because they tend to pitch their remarks according to their audience, and there are multiple motives to many state actions. He argues that the important thing is not whether a donor sees food aid as a way to create dependence but whether it actually succeeds.


33. *Ibid.*, pp. 242-243. To safeguard against this potential, an agreed international mechanism was put in place by the FAO in the mid-1950s to ensure that food aid recipient countries continue to import the UMRs simultaneously with food aid. However, UMRs are not always strictly enforced for the poorest countries, partly because developing country import needs often fluctuate widely from year to year so there is a wide margin of error in UMR calculations; and partly because food aid now accounts for a much smaller proportion of the international food trade than before, so its potential for significant displacement of commercial trade has been reduced (although this aid is now more concentrated in the poorest countries of Africa where the
34. Ibid., pp. 243-244.

35. Ibid., p. 244. Fitzpatrick and Storey confess that while it should, in principle, be possible to ensure that project (more so than programme) food aid generates genuinely additional food demand, the potential advantages of project food aid may be difficult and expensive to obtain in practice. The administrative machinery needed to ensure that the food reaches specified target groups may prove too costly or weak. Domestic political factors may also make such a policy goal unattainable.

36. Ibid., p. 245. Whether or not most African countries do in fact maintain buffer stocks or have the financial resources to intervene in these various ways to dampen the price disincentive effect is an open empirical question. The authors admit that a budget deficit will be necessary to finance the 'wedge' between consumer and producer prices, but insist that this could be financed by the sales of food aid.

37. Ibid., p. 247.


39. Ibid., p. 122.


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