

# The European Community and Food Security

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## 1. Introduction

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Food security can most simply be defined as the absence of hunger and malnutrition. For this to be possible, households, villages or countries must have enough resources to produce or otherwise obtain food. This condition is necessary, but not sufficient because the resources must also be used well. It is useful to subdivide food insecurity problems into transitory and chronic [see e.g. in the World Bank report of 1986 on Poverty and Hunger]. **Transitory food insecurity** refers to a temporary decline in household's food intake resulting from instability in food production, food prices or income. In its extreme form it can mean famine, a situation where a sizeable population group lacks the resources for even a minimum subsistence diet. **Chronic food insecurity** occurs when households on a more permanent basis lack the resources to acquire enough food for a healthy and active life, while they are not directly threatened by starvation. It is worthwhile to further subdivide chronic food insecurity into a lack of overall food quantity, normally measured in energy, i.e. calorie intake and insufficiencies at the level of particular nutrients. In most cases, the satisfaction of overall calorie needs implies that the needs for specific nutrients are covered as well. However, if the diet lacks variety, the intake of specific nutrients, such as iron, iodine and vitamins is often not guaranteed. This type of food insecurity does not necessarily result from lack of resources or income, it can be the consequence of a lack of information or nutritional knowledge.

The distinction between these categories of food insecurity cannot always be made in a clear way, there are certainly interrelations. The main purpose of referring to them is to situate donor activities. Emergency aid, consisting largely of food aid, is needed to cope with famine situations. In addition, donors can also support early warning systems or more generally disaster preparedness activities. Poverty alleviation, particularly but not exclusively through stimulating rural development and food production, is needed to combat chronic food insecurity. Finally, alleviating particular nutrient shortages requires specific targeted activities (e.g. food fortification, feeding programmes) and nutritional education.

The European Community (EC) has been active in emergency relief and in general poverty alleviation. However, in what follows focus will be on how the EC intervened in reducing poverty and therefore in reducing chronic food insecurity. The EC certainly does not have a doctrine in the area of food security, but the subject has been a central theme in its development cooperation and there have been a number of policy statements in this respect. This note gives an overview of the main lines of these statements and of the reasoning behind them.

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## 2. Origin and Nature of the Food Strategy Approach

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Up to the mid-1970s, EC development cooperation emphasised economic and social infrastructure and to a lesser extent rural development. Rural development was mainly supported by favouring export crops (e.g. groundnuts, tea, coffee and cotton). The latter priority was justified by the need for foreign exchange to finance non-agricultural, mainly urban development, in line with the dominant development strategy of most countries. It was assumed that food production would follow population increase and that the transfer of labour from rural to urban areas would not diminish food availability. Labour productivity in the food sector would automatically increase as surplus labour was shifted to non-agriculture. Neither aid efforts nor Third World government policies encouraged agriculture at a time when the rate of population growth started to increase leading to a steady rise in the demand for food. Furthermore, the hypothesis of a reserve of surplus labour in rural production turned out to be false in most cases. The neglect of agriculture combined with population growth, not only diminished food production per capita, but also stimulated rural to urban migration. As a result, food imports of developing countries started to rise rapidly.

The 1973-75 world food crisis demonstrated the vulnerability of food systems in many countries, especially in sub-Saharan Africa (SSA). Aid agencies, including the EC responded to this crisis by increasing the share of project funding going to agriculture, and within agriculture there was a strong shift from export crops to food crops. However, these increased financial efforts for agricultural and rural development

did not improve the basic trends as regards the food situation. Gradually, attention was drawn to the wider economic environment of the agricultural sector: particularly to price policies, marketing and the provision of basic farm support services. More financing is not effective if the policy and institutional environment fails to provide the right incentives and services to agricultural producers, processors and traders.

This analysis and awareness led the EC in 1981 to launch a 'Plan to Combat Hunger in the World', also known as the Pisani plan, named after the Commissioner for development at that time. A central part of the plan consisted of support for the formulation and implementation of **food strategies**. The food strategy approach has focused attention mainly on the poverty alleviation element of improving food security by concentrating projects on the least favoured areas and population classes (e.g. subsistence farmers). The approach also involved the EC in issues of price policy and the reform of food marketing institutions.

The main methodological characteristics of the food strategy approach are:

**Concentration of funding** on the objective of food security;

Definition and implementation of coherent policies to promote food security through a process of **policy dialogue**;

Strengthening of **coordination among donors**; and

**Greater integration of different kinds of aid (instruments)**.

These characteristics were subsequently made central features of the third Lomé Convention (signed in December 1984); in this way the food strategy approach was generalised. Under Lomé III, the **concentration** of EC funding was pushed quite far. Whereas in the past, the EC like most cooperation agencies acquired a whole portfolio of projects in various areas and sectors, the new approach led to an allocation of about three quarters of available resources to agriculture and food security.

The approach to **policy dialogue** has been very different across countries. The purpose of the policy dialogue is to reach an agreement with the beneficiary country on the measures that should be implemented for the success of projects or programmes. As a rule these measures relate to the sector (e.g. agriculture) or sub-sector (e.g. cereals) on which EC aid is concentrated. The process is not easy. The capacity and willingness of governments to formulate and especially to implement reform measures cannot be taken for granted. In this respect it is important to stress that EC aid does not involve policy conditionality, with aid allocations directly linked to the implementation of policy measures. If there is no

satisfactory progress on policy matters, there is no effect on aid allocations even though disbursements may slow down and projects may have to be reformulated.

**Coordination** among donors intervening in food related areas has been greatly stimulated with the food strategy initiative. In the countries adopting a food strategy approach a variety of coordination committees or working groups were set up. This also facilitated national level coordination among different ministries (say agriculture, health and planning) and parastatals (e.g. marketing boards) with competence in food security related matters.

**Integration of instruments** means that all elements of cooperation should be used in support of the same fundamental objectives. This can apply to project aid, stabilisation of export revenue (STABEX), co-financing for non-governmental organisations, research cooperation etc. However the most important application concerns the integration of project aid and food aid. The counterpart funds resulting from food aid sales are used to complement other funding mainly for rural development activities. As a rule, EC food that is not meant for emergency relief nor for specific nutritional projects is sold at the market price and the resulting fund is earmarked for improving food security.

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### 3. Improving the Role of the Food Aid Instrument

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Food aid accounts for 20 to 30 per cent of EC aid disbursements, depending mostly on the level of world market prices used to calculate the budgetary value. Roughly 80 per cent of food aid is so-called normal food aid that is not used directly for emergency relief. Thus, food aid is an important resource for development. In parallel to the food strategy initiative, the possibilities of using food aid for development, particularly for improving food security, have been substantially enhanced. Food aid has become effectively dissociated from the management of the Common Agricultural Policy. Most food aid is in the form of cereals and dairy products. The share of dairy products has declined since the beginning of the 1980s and since 1986 cereals are the dominant commodity group. Several innovations have been introduced, in addition to the use of counterpart funds: triangular and substitution actions, and complementary support for early warning and storage programmes. A number of multiannual food aid programmes have been set up, even though the food aid budget remains dependent on an annual decision process.

**Triangular food aid (TFA)** occurs when funds are provided to buy food aid products in a developing country for transport to another developing country, usually within the same region. In other words, in the

case of TFA, there is no use of European food surpluses, but an effective demand increase in developing countries. TFA accounts for about five per cent of cereals food aid. One of the objectives of TFA is to promote food security at the regional level by stimulating food trade. It has been most successfully applied in Southern Africa, financing white maize exports from Zimbabwe and Malawi. There has also been experience with TFA in West Africa (sorghum) and Latin America (pulses, vegetable oil). NGOs have played a stimulating role for increasing TFA and have been sometimes involved in carrying out such operations.

**Food aid substitution** consists in replacing food aid products by the equivalent foreign exchange value, to be earmarked for agricultural development and food marketing. Substitution is particularly useful in countries that suffer from large annual shifts in food production, e.g. in the Sahel. Substitution can help to stabilise food markets and can thus be considered as an excellent instrument for alleviating some of the transitory food insecurity problems. Substitution is also a very useful element for multiannual food aid programmes, where it is crucial to have a constant stream of counterpart funds to carry out a certain project. Substitution avoids sending food aid to countries where production has recovered and where food aid would compete with local crops, while at the same time overall support is continued in order not to punish the production success.

Support for **early warning systems** mainly serves to obtain better and more detailed assessment of food aid needs especially in case of emergencies. Providing finance for **storage programmes** helps to preserve the quality of food aid shipments and to avoid losses. Both early warning and storage assistance increase the overall effectiveness of food aid operations.

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#### 4. Resolution on Food Security in SSA

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In November 1988, the EC Council of Ministers made an assessment of the food strategy experience. This led to a resolution on food security in SSA which clarified the EC position of some basic food security issues and contained guidelines for future activities in this area.

The early food strategy experience had put much emphasis on the attainment of **self-sufficiency in foodstuffs**. The resolution took the line that food self-sufficiency is neither necessary nor sufficient for food security. An appropriate balance should be struck between local production of food and export crops and imports of food, taking into account the specific circumstances of the country.

The EC position on the **role of the private and public sector**, on price policy and on protection was also clarified. The EC underlines the essential complementarity of the respective roles of the public and

private sectors. The bulk of food marketing can most effectively be undertaken by the private sector, but the public sector must intervene where the private sector fails and must prevent abuses of monopoly situations. Furthermore, the government should 'contain' the market by **preventing excessive price fluctuations** that harm both small producers and consumers. This market regulation should be carried out by a suitable and flexible **combination of buffer stocks and trade policy**. Parastatals that have to carry out these policies should have adequate financial and human resources. **Protection** may be justified on economic as well as on non-economic grounds. **Economic arguments** particularly concern the compensation for excessively low prices possibly resulting from dumping or from an overvalued exchange rate, and the gradual achievement of competitive production through learning by doing (infant industry argument). Such protection should be tailored to the specific needs and be temporary. There can also be important **non-economic arguments** to justify protection: e.g. to diminish pressures for migration and to safeguard the environment. Protection on non-economic grounds should be compared in terms of cost effectiveness with other ways of pursuing the same goal. Protection should not impose an unsustainable burden on a population group or country.

Among the guidelines for further improvement, the resolution specifically referred to **consumption policies**, because these have been substantially neglected. **Local food products** (e.g. cassava, yams, sweet potatoes, bananas etc.) should be encouraged by promotion campaigns and especially by improving processing through the development of appropriate technology. In this way local products should attain the convenience value and status of imported foodstuffs, particularly wheat and rice.

The resolution also recommended more direct measures for increasing the food security of **vulnerable groups**, particularly through nutritional education. Furthermore, attention was recommended to the food security implications of general economic policy, particularly in the context of structural adjustment.

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#### 5. Assessment and Recent Developments

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Even though the idea of concentration of funding, introduced by the food strategy initiative and generalised with Lomé III, has a clear appeal, it has also been questioned. E.g. there has been criticism for the lack of attention to the health and education sectors as well as for the problems of urban areas. Development agencies are sometimes exposed to 'constituency' pressures to offer as full an aid package as possible. There is little encouragement for agencies to concentrate on what they can do best, given their past experience. Concentration on a single objective

(e.g. food security) has also been confused with pure sectoral concentration. This has led sometimes to overemphasis of the strict production aspect of agriculture in relation to rural infrastructure, processing and storage.

The **food policy dialogue** introduced with the food strategy approach and generalised with the third Lomé Convention has been less effective than anticipated. There are several explanations. Some have to do with the capacity of the EC to effectively conduct a process of policy dialogue, in addition to the regular work on project formulation and implementation. Others are related to the complexity and pervasiveness of food policy reform. Policy reform measures generally imply that there are gainers and losers. Even though the gains may very much outweigh the losses, there is generally no mechanism for arranging compensations. It is difficult when those who lose are privileged and powerful. It is also very difficult when there are no gains in the short run. Food policy measures often cut across the whole economy, e.g. in many countries urban and farm gate food prices have been artificially low. Changing this involves a conflict between concentrated and rather organised urban interests and dispersed farm interests. It is only after better farm incentives have resulted in more food production that the initial losses of urban consumers can partly be compensated through lower prices and/or through increased rural demand for their products and services. In other words, there is a **transition obstacle**. Donors can try to tackle this obstacle, e.g. through some form of subsidy, but this could imply diverting resources away from direct poverty alleviation in rural areas. It is difficult to choose between these two alternatives for using aid resources.

A limitation of food policy dialogue has been that several crucial policy measures cannot be handled at the sectoral level. Macro-economic distortions have effects throughout the economy. Macro-economic policy reform is the main focus of structural adjustment programmes. In a way one can say that the limitations of food or sectoral policy dialogue have compelled the EC to develop its thinking on structural adjustment. The EC views on **structural adjustment** have been outlined in the Council of Ministers resolution of May 1988.

The resolution criticises the early adjustment programmes for overemphasising economic and financial factors. The sustainability of an adjustment package should not exclusively be examined in financial and economic terms, but also take into account social factors, food security and the environment. Moreover the latter factors should not simply be dealt with through ex post compensation, but rather be an integral element in designing the adjustment programme. For example, if adjustment

requires closing down inefficient parastatals, the laid off workers should not be helped with food aid, but should be assisted with employment generating schemes that are part of the adjustment package, to provide a more permanent source of livelihood.

In December 1989, negotiations between the group of ACP countries and the EC on the **renewal of the Lomé Convention** were completed and the 4th Lomé Convention was signed. The main innovation that is introduced concerns structural adjustment. Still, traditional long term development operations are expected to remain the dominant form of EC aid. However, they will be complemented by a special allocation for direct support of structural adjustment programmes. The principles for using this special allocation underline equity and poverty alleviation. In this way it will help prevent increased food insecurity as a result of implementing adjustment programmes.

As regards long term development cooperation, Lomé IV maintains the priority for improving food security, particularly through agricultural and rural development. However, within this broad area, there will be more emphasis on: environmental sustainability, rational management of natural resources, participation of local communities, especially women, diversification of employment opportunities and strengthening of rural savings and credit systems. Particular attention will be paid to the promotion of food security at regional level, an area where the EC has already been quite active. Finally, for the first time, there is also a reference to population policies. It is clear that population growth is one of the most important determinants of future food security in many developing countries.

### Further reading

The origin of the food strategy approach, as well as its early application in four countries: Kenya, Mali, Rwanda and Zambia, is documented in several Commission documents, including:

**A Plan of Action to Combat Hunger in the World**, Communication of the Commission to the Council, COM(81)560, October 1981

**Food Strategies: Review and Prospects**, Commission Staff Paper, SEC(84)1692, October 1984

**Implementation of Food Strategies**, Communication of the Commission to the Council, COM(86)198, April 1986

During the same period, two background studies were carried out:

Royal Tropical Institute, **Food Strategies in Four African Countries**, Amsterdam, January 1984

Lipton, M. and C. Heald, **The EC and African Food Strategies**, CEPS working document no. 12, Brussels, 1984

Furthermore, the ACP/EC Courier no. 84 of March 1984 contained a dossier on food strategies.

The data needs in relation to food strategies were the subject of a workshop, jointly organised by the World Food Council and the Statistical Office of the European Communities (SOEC) in May 1986. The proceedings were published by SOEC in 1987 under the title: **Figures for Food in Africa**.

A more general account on the EC approach to food security can be found in:

**Food Security Policy: Examination of Recent Experiences in Sub-Saharan Africa**, Commission Staff Paper, SEC(88)1076, July 1988. The latter text formed the basis for the 1988 Council Resolution on Food Security in Sub-Saharan Africa.

The relation between food aid and food security is described in:

**Food Aid for Development**, Communication of the Commission to the Council, COM(83)142, March 1983

**Programming of Food Aid: Problems and Orientations**, Commission Staff Paper, SEC(89)1654, October 1989

Franco, M., **Food Security and Adjustment: the EC Contribution**, Food Policy, vol. 13, no. 1, February 1988.

Some recent dossiers in the ACP/EC Courier deal with related subjects: no. 111 of September 1988 on Structural Adjustment, no. 114 of March 1989 on Cereals and no. 118 of November 1989 on Food Aid.

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\* Prepared by Walter Kennes of the Directorate General for Development, Commission of the European Communities; the opinions expressed do not necessarily reflect those of the Commission. The author wishes to thank Lucio Guerrato and Jill Hanna for comments made on a earlier draft.