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FOOD AID FOR DEVELOPMENT

(Commission communication to the Council)

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INTRODUCTION

The idea of granting food aid evolved twenty to thirty years ago in a world where

- (i) there were costly surpluses of grains, notably in the United States;
- (ii) demand from the developing countries was relatively low. The population explosion and urban spread had not quite gained momentum and many developing countries were still relatively self-sufficient.

The principle advocated then was the food aid should be designed and managed as a top-up for traditional commercial imports. This resulted in sets of rules drawn up by the FAO, which are still in force. Hence, no food aid may be granted for a given year unless it is to supplement traditional commercial imports, calculated on the basis of imports for earlier years. The "Committee on Surplus Disposal", with its headquarters in Washington, sees to it that these rules are applied. It is supposed to inspect every food aid operation carried out in the world.

The Community agreed to abide by these obligations and, as a result of the 1967 Kennedy Round, became party to the Food Aid Convention⁽¹⁾, which is still in force virtually unchanged.

This means that the international framework for the granting of food aid has scarcely changed whereas the objectives, necessities and aid practices themselves have had to be adjusted gradually.

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(1) An integral part of the International Wheat Agreement

This applies to the Community, which has been gradually bending some its aid criteria and methods (triangular operations, possibilities of building up stocks with products supplies as food aid, etc..) to fit in better with development schemes proper. Other donors have also begun shaping their food aid systems in the same manner.

These trends do not go far enough. They are not sufficient to cope with the enormous task in hand. The food problem is still there and will remain acute in many countries for the rest of the century. Whether a country will progress towards general economic development or be scarcely in a position to set out along the path of economic growth will depend on whether or not it manages to overcome its food problem in the ten of twenty years to come.

This was the thinking behing the Commission's stance in favour of dealing with the problem of world hunger in a global, coherent and detailed manner when Parliament debated the follow-up to its 1980 Resolution on the subject in the first half of 1982.

Therefore the time has come to adjust the instruments available ⁽¹⁾ - particularly food aid - to suit a new set of circumstances, and that is the purpose of this document. The analysis and proposals that follow have been very largely based on the evaluation work carried out during 1982, which led to a critical assessment of the effects of Community aid and the ways in which it was used while suggesting certain guidelines for improving the system.

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(1) The Community could also contribute towards food security in the developing countries through arrangements set up under long-term trade agreements. The Commission has presented proposals along these lines.

This document will look in turn at :

- i. the need for food aid as a stop-gap in the fight against poverty, disease and hunger and the ultimate aims that should be assigned to it (Section II);
- ii. the ways and means that should be employed to put the objectives set for this type of aid into practice (Section III);
- iii. the consequent adjustments that will have to be made to the Community's aid system (Section IV).

2. THE NEED FOR FOOD AID AND ITS OBJECTIVES

Initially, therefore, food aid depended on the existence of agricultural surpluses, which were put to a number of uses, including distribution to Third World countries. Although drawing on the exportable availabilities of donors will probably remain one of the essential features of food aid, the instrument will have to be developed to make it more able to meet the various different requirements of recipient countries, and, consequently, the field of action will gradually have to be extended. Two questions arise in this respect :

- i. why do developing countries need food aid ?
- ii. what are its ultimate aims ?

2.1. Need for food aid

A global analysis of the development of food requirements over the last ten years shows that there has been virtually exponential growth in developing countries commercial imports of cereals (42 million tonnes in 1970/71 - 100 million tonnes in 1980/81. According to FAO estimates these countries may need to import more than 200 million tonnes by the end of the century).

Although most developing countries have made certain efforts, they are not managing to increase their food production fast enough to keep pace with growth in domestic demand. The results of this are :

- (a) a worsening of the nutritional situation of the population or of certain sections of the population. For example, according to UNICEF's most recent estimates, published at the end of 1982, over the next ten of twenty years the number of seriously undernourished children will increase by 400 to 600 million;

(b) serious balance of payments difficulties in the developing countries concerned, at a time when many countries are having to cope with more acute debt and external balance problems than ever before.

Food aid must serve precisely to counteract this dual process of deterioration, particularly in low-income countries⁽¹⁾.

The "hunger map" coincides to a large extent with the map of the poorest countries. Similarly, within the countries themselves the people most affected by malnutrition (in urban and rural areas alike) are those with the lowest incomes (the unemployed or casual labourers, landless peasants, etc.).

The real problem of hunger in the world is not so much that of isolated famine, which can in fact be dealt with by exceptional measures if world public opinion is mobilized, as that of endemic malnutrition.

This problem cannot be solved merely by food handouts, which are often difficult to organize anyway when they have to reach scattered, unorganized groups of people; the solution lies in promoting food production in countries where this state of poverty is rife. Seen in this light food aid is therefore both an instrument of immediate aid and a means of supporting a more permanent development process.

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(1) A basic definition of low-income countries eligible for normal food aid from the Community might be countries with a structural food shortfall and an income level below the World Bank figure used in deciding which countries have the right to IDA aid (£ 795 in 1981). This is the criterion recommended by the Committee on Food Aid Policies and Programmes.

2.2. The objectives of food aid

After ten years' experience of food aid, operations can now be adjusted for greater effectiveness. Aid must be diversified to suit the objectives pursued.

2.2.1. Emergency food aid

The international community must be able to act rapidly and with the means to ensure the survival of the victims of a natural disaster or an outbreak of fighting.

2.2.2. Nutritional aid to refugees

There are sometimes situations linked to the long-term consequences of a disaster, but they are more often the result of local conflicts (refugees from Afghanistan, Kampuchea or Ogaden, for instance) or political stale mate. Nutritional aid to refugees must be tailored to individual recipient countries, but care should be taken not to make it permanent, as this would make it more difficult, through the adoption of "imported" eating habits, to reinstate refugees or displaced persons in their countries of origin.

2.2.3. Nutritional aid to target sections of the population

Irrespective of the economic situation of a country, there can be sections of the population in towns and rural areas which are particularly vulnerable and/or too poor to meet their minimum nutritional requirements (children, pregnant women or nursing mothers, the sick and the disabled). Free distributions or the sale of products at reduced prices through the proper channels should be arranged for these categories without any negative effect on the local markets.

2.2.4. Indirect balance-of-payments aid

The link between the nutritional objective of food aid and the development objective becomes somewhat tenuous, however, higher up the development scale. In certain countries most of the population's needs are satisfied, after a fashion, by commercial imports - but the dent this makes in foreign exchange reserves exacts a high cost in development terms. The main problem which countries of this type face, therefore, is more of a macroeconomic nature (impact on balance of payments, use of foreign currency reserves to purchase capital goods, etc.) than a strictly nutritional problem. Food aid is still just as necessary, however.

In this case it might be felt that the answer to the problem lies in direct balance-of-payments aid. This may indeed be so in the long term, but it would probably be unrealistic to hope that measures of this kind could be taken in the near future. The difficulty here is that there is no instrument providing bilateral balance-of-payments aid for the countries in question (1) and the suggestion that the various aid donors should set one up is not really plausible, particularly at a time when official development assistance is being cut back at an alarming rate.

For these reasons a solution of this kind ought not to be proposed at this stage.

The provision of food aid to these countries remains an instrument for relieving the external financial constraints weighing on them as a result of their food shortfall. This form of food aid is the one most frequently used by the Community.

(1) The only instrument in this field is the compensatory financing facility, which is multilateral.

2.2.5. Aid for setting up production chains

Countries like India or Tunisia, where there is real development, do not require food aid in order to survive. Nevertheless, it may be necessary to provide food aid in the form of a specific product (skimmed milk powder, for instance) over a number of years. The development of agricultural processing units may require external contributions until such time as parallel efforts to encourage local production take over⁽¹⁾.

2.2.6. Structural aid for the development effort

This is becoming a priority in the Community's development aid policy. For the poorest countries, which cannot meet all their food requirements from their own production and from imports, Community food aid must become an instrument for developing food production. That is the new approach which is the theme of this communication.

(1) Operation Flood (India) is a very good example of what can be done in this field.

3. CONDITIONS FOR GRANTING FOOD AID AND HOW IT SHOULD BE USED

The analyses carried out have brought to light certain negative effects of food aid :

- i. the supply of products which are in direct competition with those grown locally (too competitively priced) may lower domestic prices, thus discouraging local farmers from producing more than they need for their own subsistence;
- ii. the provision of products which cannot be grown on the spot can create consumer needs which can only be met by imports, and hence there is a risk of greater import dependence.

There is some truth in each of these criticisms. However, they are not peculiar to food aid and could also apply to commercial imports of food products where prices are generally lower than the prices of local products.

Hence, food aid operations should not be judged in isolation. Their usefulness and effectiveness depend directly on the food production policy and/or nutritional policy pursued by a country and the role allotted to food aid by those policies. This is why it is necessary to look at the conditions for granting food aid to these countries and consider ways of gradually attuning it to the real needs, in line with the policies or strategies drawn up and implemented by the governments of recipient countries.

3.1. Quantitative and qualitative conditions

3.1.1. If food aid is to attain its objectives, all food allocations will have to be based on quantitative and qualitative criteria. The main ones are :

- . the structural shortfall (the difference between national supply and demand), which should normally be offset by purchases on the world market;
- . the nutritional requirements⁽¹⁾ not met, either because the of certain sections of the population is insufficient or because not enough local produce is available.

However, when granting aid, two other qualitative criteria should be taken into account which are just as essential :

- .the support which food aid schemes can give to efforts to develop the production or marketing of food products;
- . the ability or the desire of the recipient country to integrate these efforts in a coherent policy or strategy.

From now on, detailed discussions will have to be held with the recipient country before deciding to grant food aid aimed at achieving the above aims, in order to place the proposed operation in the context of the country's development policy and agree on how the aid should be used to further that policy. Naturally, if it is to be useful and effective, the aid will have to cover a period of several years. Annual adjustment must remain possible, however, to take account of factors such as the size and quality of harvests and the food aid granted by all donors, as well as any changes in the food policies pursued by the recipient country.

(1) The quantities of products necessary to provide each inhabitant of a country with the minimum amount of nutrition he requires.

3.1.2. On the other hand, where the main objective of aid is to ease the balance of payments, its conception must be more flexible and it must be reviewed annually to take into account developments in the balance-of-payments situation of the country concerned, and to see whether the problem can be solved by increased financial aid and/or if necessary, by aid in non-food products (fertilizers or plant protection products, for example). (1)

3.1.3. However, difficulties are likely to arise when a country reaches a certain degree of self-sufficiency as a result of its food policy or strategy. Outside food aid contributions meant to be sold on the local market may, if they are maintained, unbalance the market. To cope with this, the Community has already made provision in its budget (Article 929) for the possibility of replacing the food aid originally allocated to a country by temporary financial aid. The means available for this should be stepped up to permit greater flexibility. Another possibility is aid in the form of other products (inputs for example) which would be sold on the spot and could in turn lead to the creation of counterpart funds.

3.2. Ways of using food aid

Aid can be used in two ways, depending on whether it is aimed at meeting immediate nutritional requirements or increasing the supply of local agricultural produce.

3.2.1. Food aid as a means of meeting immediate nutritional requirements can take various forms :

(i) Free distribution or sale of products at reduced prices

This is intended for people in towns or rural areas who are too poor to meet their minimum nutritional requirements. Care must be exercised here to ensure that the products distributed reach only the poor. If other categories of the population with higher incomes were to benefit, their demand for products available on the market would be reduced and the local market would suffer.

(1) the Development Council recognized this possibility in its Resolution of 3 november 1981 concerning aid to agricultural production and food aid.

Moreover, local products should be given priority in these distributions so as not to create new eating habits and hence a demand for foodstuffs which cannot be produced on the spot.

ii. Specific nutritional programmes

These also involve free distributions, but are part of an organized framework aimed at making specific contributions of food to particular sections of the population : children, nursing mothers, etc. This method can be by educational measures, and will thus not only improve the nutritional situation of the recipients, but also encourage people to visit health centres (which is useful for keeping a watch on young children and for giving mothers advice on hygiene and birth control, etc.) or even send their children to school, where they can take advantage of the distributions. Here, too, the main concern must be to supply products corresponding to local production capacities as far as possible.

iii. Supply of food products in exchange for work done (food for work)

This method is often considered to be an administratively cumbersome and expensive way of getting earthworks or social and rural infrastructure projects carried out, particularly in rural areas. This way of using food aid depends to a large extent on the efficiency of the local administration. It offers the advantage of creating new or additional jobs in highly labour-intensive areas, which can help slow down urban drift to some extent. Another advantage of this method is the fact that it involves the local people in work of collective interest, with the result that they are more careful about respecting and maintaining something that they themselves have helped to create. It is a method which is worth considering for the implementation of certain operations with specific themes.

3.2.2. Food aid as a means of developing food production

The Community is committed to supporting food strategies. The main objective of these strategies is to encourage the traditional peasant farming sector to produce what the country needs where possible. The authorities of developing countries must define and introduce a number of measures (relating to production, credit, storage and marketing) aimed at giving local producers the incentive to increase their productive capacity. In this connection food aid can be a useful instrument in certain

circumstances. Firstly, it is important that food aid should not depress market prices, thereby preventing producer prices from being remunerative enough for the farmer and instilling eating habits in the people which could only continue to be satisfied by imports. Hence, there should be a clear definition of the nature and volume of products likely to be sold on the local market, the marketing channels to be used and the prices to be charged.

Secondly, as food aid is only one of a whole package of aid instruments used to back up food policies or strategies, it should be incorporated in a programme.

Three modalities can be considered :

- 1) use of counterpart funds
- 2) direct use of the products supplied
- 3) triangular operations.

3.2.2.1. Use of counterpart funds

- a) On the one hand, counterpart funds can go towards financing individual projects or operations, as is already common practice (contributions towards the local costs of specific investment projects, such as storage facilities or microprojects in agriculture, water engineering, etc.).

The use of counterpart funds should to extend to operations such as the following :

- i. the formation of working capital for an intervention agency to stabilize domestic market prices;
 - ii. the formation of an equalization fund to enable the impact on consumer prices of higher producer prices aimed at reviving the activities of local peasant farmers to be spread over a period of time for social and political reasons;
 - iii. the purchase of local products with a view to building up the initial reserve stocks required for implementing the market organization policy;
 - iv. promotion and improvement of the processing and packaging of local products so as to facilitate consumption by people living in towns.
- b) Food aid counterpart funds can also be used as budgetary aid towards the costs of implementing a food aid policy or strategy. One of the main difficulties in implementing ongoing schemes for developing food production is that many countries are unable, in view of their budget deficit, to cope with the expenditure incurred by the maintenance or operation of investments already made or the administration, management and study costs of a comprehensive policy such as this.

3.2.2.2. Direct use of the products supplied

In other cases food aid will be used in the form of direct supplies of products to support the following types of operation :

- (i) constitution of a national (and/or regional) security stock to cope with any emergency operations and market stabilisation measures;
- (ii) support for the development of agricultural processing units, which require external contributions if they are to be brought into operation rapidly, to be replaced subsequently by local production.

The important thing is that food aid, because it is designed to suit the specific situation of each type of national food policy, should be integrated into the country's other development instruments, both internal and external, and thus help implement a comprehensive policy.

This cannot be done unless aid is planned far enough ahead for a continuous period. Hence the need for multiannual commitments.

3.2.2.3. Triangular operations

Another important way of using food aid to increase production in developing countries is via triangular operations.

This type of aid involves buying products in developing countries which has exportable availabilities and donating them as food aid to a country with a deficit. It is at the same time aid towards stabilizing the market in the producer country, which has more than it needs to satisfy its domestic requirements, and aid in the form of "local" products for

the recipient country. This system can also encourage trade between neighbouring countries and hence spark off a gradual process leading to regional food security. For this reason it is a method which should be encouraged. However, there are a number of difficulties. Firstly, in theory this form of aid is limited at present to emergencies or cases where the products are not available on the Community market. Secondly, certain countries prefer to have products which are not produced in the region and which they would have to import anyway to satisfy an urban demand that they cannot afford to ignore for political and social reasons. Thirdly, when countries do not belong to the same currency area and do not have convertible currencies, the development of trade between neighbouring countries raises the problem of the means of payment to be used. This question admittedly takes us well beyond the scope of this document, but should be mentioned all the same.

4. ADJUSTMENTS TO THE COMMUNITY'S FOOD AID SYSTEM

4.1. Programming

4.1.1. Multiannual and contractual programming

In order to fit food aid into a programme of support for the recipient countries' food production policies and development efforts it will be necessary for the programming system operated up to now to be fundamentally reviewed. As has been emphasized, we are talking here about genuine contractual programming ⁽¹⁾, country by country. The legal framework for this practice already exists for the most part; what needs to be done now is to specify how it will be used.

In practical terms, it would involve working out for each country, besides the overall aid requirement, the conditions that are to govern aid use over a period of several years. The result of the dialogue between the Community and the recipient country will have to be put down in writing in a "food aid contract" setting out the respective rights and obligations of the two partners.

Depending on the case in point the contract will stipulate, besides the general framework into which the aid is to fit, the following :

- I. the quantities and nature of the products to be supplied annually over the period covered by the contract;
- ii. the delivery arrangements;
- iii. the use to be made of the food aid, namely
 - direct use (sale or free distribution)
 - creation of counterpart funds
 - implementation of nutritional programmes;
- iv. the practical arrangements for implementing the aid, including the measures needed to prevent food aid from discouraging local production.

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(1) In fact the quantities that have been allocated to each country in the have varied little from one year to the next; this continuity has merely been the result of the constant application, year after year, of the same general criteria for granting aid and not the contractual expression of a resolve on the part of the EEC and the recipient country.

- v the conditions for the use of any counterpart funds;
- vi the mechanisms for monitoring, adjusting and checking on the programme.

The Commission intends to take the necessary steps to achieve this in due course. It hopes that such a contractual approach will also form the basis for better coordination of the Community's and its Member States' actions in this field.

4.1.2. One-off operations

Of course the contractual and multiannual commitment does not apply in cases where a given country receives food aid because :

- (i) it is experiencing passing difficulties which have meant the loss of a harvest, whereas it is otherwise self-sufficient or even produces a surplus;
- (ii) its purchasing power on the world market is affected by a drop in its capacity to make payments or by excessive price fluctuations.
- (iii) there are particularly destitute sections of the population whose needs cannot be met in any other way.

Since the main aim in these cases is to help such a country overcome a cyclical difficulty, it will be sufficient to continue the type of programming in use at present for all recipients of food aid. The aid use conditions will have to be similar to those in force at the moment. They will be determined and implemented in the same way, on the basis of a simplified exchange of letters between the Community and the recipient country.

Hence, the Community programme will have to be in three parts :

- (i) the first part will contain the multi-annual commitments made by the Community, within the confines of the budget under "food aid contracts" concluded with the recipient countries for schemes in support of their food strategies, for nutritional programmes or as backing for specific development schemes (where appropriate implemented via specialised government agencies or non-governmental organisations);

- ii. the second part will deal with other allocations, made on an ad hoc basis and reviewed annually, in the light of development in the situation of the countries or bodies receiving such cyclical aid;
- iii. part three will be reserved for emergency aid and aid for refugees and displaced persons. ⁽¹⁾

4.2. Products to be supplied

An answer to the question of what kind of product to supply as food aid must be sought taking account of two requirements, which may contradict each other :

- i. use should be made of products available within the Community, while making sure they are as varied as possible;
- ii. the specific needs of the population receiving the aid must be taken into account in the most appropriate manner possible by encouraging local production, where possible, and taking care not to make the recipient countries dependent on products that are new to them and which would have to be imported commercially once they were no longer forthcoming as gifts.

A product-by-product examination of the situation could help us to see how the current link between the existence of exportable surpluses and food aid - which is often too rigid - could be gradually loosened.

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(1) The point needs to be made here that this demanding approach to food aid, based on an acknowledge of the specific requirements of the different recipients, will mean an additional workload if it is to be implemented effectively and this will entail an eventual staffing problem both at headquarters and in the Delegations.

4. 2.1. The case of cereals is obviously crucial since this commodity accounts for over half the food ration (in calorie and protein terms) of a third of the world and is widely available in the countries of the temperate zone. For its part, the Community has supplies of wheat, yellow maize and rice in particular.

The problems are as follows :

Wheat

For a number of recipient countries supplies of this product are intended to support their balance of payments, since it is imported into these countries to meet demand mainly in urban areas where incomes are relatively high; it is not supplied with a view to development. In order to achieve some development impact, the general rule to follow in this case should be to sell the wheat or flour locally and use the counterpart funds either :

- i. to purchase locally (or in neighbouring countries where conditions permit) domestic produce available and distribute it to the poorest sections of the urban or rural population

or

- ii. to implement a scheme to stabilize the local market (stocking by the intervention agency) or support a project aimed at food development.

Maize ⁽¹⁾

This product is closer to the kind normally produced and consumed locally in certain areas (notably Central America and East Africa, where white maize is the staple diet), although the products available in the Community are not of exactly the same quality as white maize. The main stumbling block to be avoided is that of supplying from without products that might unbalance the domestic market and discourage local production. (See sections 3.1.3. (substitution) and 3.2.2.3. (triangular operations).)

(1) It must be remembered that there is a shortfall of this product within the Community, which should be an incentive for purchasing it on local markets wherever possible.

Rice

This product is in an intermediate situation between the two preceding ones. In many countries it is produced locally but it is also, in some instances, a relatively expensive import. Hence it should be dealt with on a case-by-case basis, following the guidelines referred to above for wheat or maize.

4.2.2. The case of milk products is more complicated.

It has become common to hear people decry aid granted in the form of milk powder (an important source of protein) or butteroil, which is considered an expensive and dangerous kind of aid for most recipient countries in that it forms new consumer habits or is difficult to use without harming the health of the people consuming the products.

The way in which such products are used must be worked out as carefully as possible in order to cancel out the objections mentioned above, using the following guidelines :

- i. if milk products are already part of the habitual diet in a country, such aid may be usefully supplied if it is aimed
 - . at making up a temporary lack in the composition of the population's diet;
 - . at enabling the installation⁽¹⁾ of milk treatment or distribution facilities to be speeded up, it being understood that, in this case, the external aid must be replaced as quickly as possible by local production.

(1) By direct utilization of the products supplied as aid or by sale on the market, with the counterpart funds being used to build or operate milk treatment or reconstitution plants.

- ii. in other countries, aid in the form of milk products should be planned as far as possible to fit in with free distribution systems, launched at the instigation of specialized agencies, for the implementation of specific nutritional programmes aimed at a well-defined category or categories of the population. It is in such circumstances that milk supplies can have a considerable dietary impact, even though the product remains difficult to use.

In countries where milk consumption poses problems and milk is not part of the habitual diet, there are a number of possible scenarios :

1. As far as supplying sources of protein ⁽¹⁾ is concerned - of which milk powder is one - besides providing cereals two other kinds of scheme should be carried out to back up and, where appropriate, gradually replace supplies of milk powder in order to encourage the production of local produce in particular, and to avoid creating dietary habits requiring subsequent imports, namely :

- local purchases of food legumes (either in the recipient country or in neighbouring countries), which will help strengthen the role of these food in the diet and stimulate local production;
- use of fishery products (freshwater or sea) to meet the needs of a population that is used to this type of food, in the form of dried fish or meal, which will again encourage efforts being made locally or in the region to produce, process and distribute fish. Experience has shown, however, that the quantities liable to be used in this manner are somewhat marginal as things stand at present. This means that special attention should be paid to developing production of such products, which are highly nutritious.

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(1) It should be noted that the most important source of protein in the developing countries is cereals (approx. 56 %) , followed by food legumes (approx. 15 %) and then animal protein (meat, milk, eggs and fish - with the last two products growing in importance).

2. As far as supplying sources of calories is concerned - of which butteroil is one - it is important because of the high cost of this product to see whether it can gradually be replaced :

- either with oils purchased locally or in a neighbouring country
- or with other oils produced in the Community (schemes have already been launched along these lines) which are less expensive and, in many instances, more familiar to the recipients.

4.2.3. Processed products as aid

Since such products are sophisticated, generally manufactured in Europe and unlikely to be developed as a production line in the developing countries, they should be used to cope only with very specific emergency situations or to provide refugees with items suddenly found to be lacking in their diet. (By reason of their concentrated nature and light weight they can be transported by air and distributed easily).

4.3. Payment of transport costs

An analysis of the practice followed hitherto for Community schemes (2/3 of aid is already transported at the Community's expense) and the experience of other main food aid donors (Canada, USA, WFP) lead us to think that the aid would be considerably more effective if the Community were to make it a rule that the costs of transporting products were to be covered up to the cif or free-at-destination stage. This would help to avoid the very many practical problems that arise because countries where sea transport is not well organized have trouble in collecting the goods in due time and in the proper conditions, which often involves them - and the Community - in additional expense. It would also be logical to do this, since food aid is in fact balance-of-payments aid.

Moreover, the payment of transport costs by countries that do have shipping companies or a convertible currency often leads them to use some of the counterpart funds - sometimes a large proportion - for this purpose rather than in support of agricultural policy or development projects.

The payment of transport costs for all food aid operations would mean better control over costs and the choice of vessels because tendering procedures would be wider in scope and fairer.

4.4. Recipient bodies and countries

Hitherto, a large proportion of food aid has been channelled via public international organizations or non-governmental organizations. (In 1982 - approx. 20 % of cereals ; approx. 40 % of skimmed-milk powder; approx. 20 % of butteroil).

These organizations have turned out to be very useful (e.g. specific programmes for refugees, food schemes for certain sections of the population or specific development schemes) and even absolutely essential in regions where, for various reasons, the government takes no action.

Hence, aid should continue to be channelled via international organizations or NGOs where they offer a guarantee of greater efficiency in the distribution of food to target sections of the population or for one-off development schemes (food for work). On the other hand, it is more difficult to assign them a role in operations to support food policies or strategies. Nevertheless, if an organization of this nature or an NGO should agree to participate in joint schemes by donors in support of such policies or strategies, the offer should not be rejected out of hand.

5. CONCLUSION

It has been said of poverty and hunger that they are endemic diseases which call for steady therapy and not shock treatment.

The Community is among the biggest and most efficient agricultural producers in the world. Moreover, Europe considers that it has the capacity and the responsibility to continue meeting the food requirements of the world's population.

At a more fundamental level, the developing countries' productive potential must nevertheless be mobilized. Our food aid must therefore be used to help the population in its struggle simply to stay alive - the immediate concern universally acknowledged to be an absolute necessity - but also to prepare for the future.

The Commission requests the Council and Parliament to adopt the general guidelines for a new food aid policy contained in this document, on which the Commission intends to base itself from now on.

This communication brings out the need to :

- (i) adapt the system whereby Community aid is programmed to allow the conclusion of food aid contracts with recipient countries in accordance with the requirements of a food policy or strategy designed to boost activity in the peasant farming sector;
- (ii) allocate products more in accordance with local dietary habits and with a view to avoiding too high a level of dependence on imported products;
- (iii) adapting the Community's aid methods - from the point of view of distribution channels employed or coverage of shipping costs - so as to make its operations more useful and more effective.

Adoption of these proposals will not have any effect on the level of the Community's food aid contributions or on the volume of the financing required for it.

It will enable food aid to reach an important stage in its evolution where it is unambiguously placed at the service of development in the countries to which it is sent.