Negative Brief: Local & Regional Procurement Food Aid

By Rebecca Sumner

***Resolved: The United States federal government should substantially reform its foreign aid.***

The United States currently has over 90% of food for food aid bought in the US and then shipped to the needy countries. The Affirmative team’s claims are that if we were to switch to local and regional procurement (when you send money to the other country, and then they use it to buy food from local farmers), then they wouldn’t have to ship anything, food will get there several months faster, and they will save millions of lives. They also claim that Local and regional procurement (LRP) is cheaper, so more food can be bought at no additional cost, and that all of this happens while also helping local farmers.

Negative will argue that the U.S. already uses LRP so much that they are the world’s largest food aid LRP donor. Also, LRP isn’t always effective in all circumstances, and it can sometimes adversely affect markets and lead to higher costs in certain areas. That is why it is important to be able to choose which way to go. Negative also has the option of running the "Abolish Food Aid" counterplan (provided in a separate brief).

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Negative: Local and Regional Procurement Food Aid

INHERENCY

1. The U.S. is already using LRP

Policy changes in the U.S. have accelerated LRP’s usage (jumping to 50% in 2009 and 67% in 2010)

Erin Lentz, Prof. Christopher Barrett and Dr. Miguel Gómez 2012 (**Lentz**—research support specialist at Cornell;BA in Economics and an MS in Applied Economics and Management. **Barrett**— International Professor of Agriculture and Professor of Economics at Cornell; was editor of the American Journal of Agricultural Economics; elected Fellow of the American Association for the Advancement of Science, the Agricultural and Applied Economics Association, and the African Association of Agricultural Economists. **Gómez**—associate professor at the Charles H. Dyson School of Applied Economics and Management, and a fellow of the David R. Atkinson Center for a Sustainable Future at Cornell; MS and PhD in Agricultural and Consumer Economics from Univ of Illinois) 11 Jan 2012 “The Impacts of Local and Regional Procurement of US Food Aid: Learning Alliance Synthesis Report” <http://barrett.dyson.cornell.edu/files/papers/LRPCh1Lentzetal11Jan2012Update.pdf>

Two policy changes in the US in 2008 have substantially accelerated the diffusion of LRP as the delivery mode of choice in international food assistance by creating two new sources of government funding for LRP. These funds have created an opportunity for US private voluntary organizations (PVOs) to pursue LRP options they could previously only undertake at limited scale using private donations. First, the Food, Conservation, and Energy Act of 2008 (i.e., the 2008 Farm Bill) authorized funding of $60 million between fiscal years (FY) 2009‐2012 for the US Department of Agriculture (USDA) to undertake the Local and Regional Procurement Pilot Project (LRPPP). Second, a 2008 supplemental appropriations act authorized the US Agency for International Development (USAID) to use LRP in support of emergency food security projects, a policy now enshrined in USAID’s Emergency Food Security Program (EFSP), established in 2010 (Hanrahan 2010). In the wake of these changes, LRP’s share of global food aid flows jumped to 50 percent in 2009 and further to 67 percent in 2010 (WFP INTERFAIS 2011).

The 2014 Farm Bill authorized $80 million for LRP and provides more flexibility for USAID

Catholic Relief Services 2016 (non-profit official overseas relief and development agency of the U.S. Conference of Catholic Bishops and a member of Caritas Internationalis and the National Catholic Development Conference) (**ethical** **disclosure**: the article is undated but contains references to material published in 2016) “CASH-BASED APPROACHES AND LOCAL REGIONAL PROCUREMENT (LRP),” <https://www.crs.org/get-involved/advocate/public-policy/global-hunger/cash-based-approaches-and-lrp>

Prior to 2008, U.S. funding for cash-based and LRP food assistance was limited to emergency response. The LRP pilot program authorized by the 2008 Farm Bill provided U.S. partner implementers $60 million to implement LRP in both emergency and development contexts. Currently, USAID funds cash-based assistance through the Emergency Food Security Program (EFSP) through the Office of Food for Peace, which has provided more than $2.2 billion for projects distributing cash and vouchers between 2010 and 2014. The 2014 Farm Bill also authorized up to $80 million for LRP, making the 2008 pilot program permanent. The Bill also provides more flexibility for USAID to use cash assistance in administering the Food for Peace program.

2. The U.S. is the biggest LRP donor

America is the world’s largest food aid LRP donor

Erin Lentz, Simone Passarelli and Prof. Christopher Barrett 2012 (**Lentz**—research support specialist at Cornell; BA in Economics and an MS in Applied Economics and Management. Her Masters thesis on food aid targeting was awarded "Outstanding Masters Thesis" by Northeastern Agricultural and Resource Economics Association. **Passarelli**—International Agriculture and Rural Development, Cornell University. She works as a research assistant on Professor Barrett's LRP project. **Barrett**—agricultural and development economist, an International Professor of Agriculture, and Professor of Economics and a Fellow of the David R. Atkinson Center for a Sustainable Future, at Cornell) May 2012 “The Timeliness and Cost-Effectiveness of the Local and Regional Procurement of Food Aid” <http://barrett.dyson.cornell.edu/Papers/Lentz%20et%20al%20LRP%20time%20and%20cost%206%20May%202012.pdf>

The LRPPP was a major policy breakthrough in international food assistance as the US accounts for more than half of global food aid donations in any given year and had previously been the sole major donor that did not permit LRP under its food aid programs. Very soon after the Farm Bill’s passage, the US Agency for International Development (USAID) received supplemental appropriations with Congressional authorization to spend those funds on LRP under what has since become its Emergency Food Security Program (EFSP). These programs can also support the distribution of cash or vouchers to targeted food assistance beneficiaries as a form of decentralized LRP wherein recipients, rather than intermediating agencies, do the procurement through their local commercial food markets. With the launch of the LRPPP and EFSP, in just three short years the US went from supporting effectively no LRP to being the world’s largest food aid LRP donor.

SOLVENCY

1. No flexibility

Permitting complete flexibility (LRP or not-LRP) would be the most cost effective method

Dr. Vincent H. Smith 2015 (Professor of Economics in the Department of Agricultural Economics and Economics at Montana State University and co-director of MSU’s Agricultural Marketing Policy Center. He received his Ph.D. from NC State University; Distinguished Scholar of the Western Agricultural Economics Association) Statement given before the U.S. Senate Committee on Foreign Relations 15 Apr 2015 “American Food Aid: Why Reform Matters,” <https://www.foreign.senate.gov/imo/media/doc/041515_Smith_Testimony.pdf>

Permitting complete flexibility, or as much flexibility as possible, for USAID and other government food aid programs to locally and regionally source emergency and other forms of food aid is a more cost effective and faster method of delivering the needed aid than requiring sourcing from the United States. The humanitarian impacts of allowing substantial flexibility in souring food aid have consistently been estimated be very substantial, reducing nutrition deficiency related morbidity and mortality for an average of over four million children and adults on an annual average basis.

2. LRP is not always cost effective

LRP cost advantages can be blocked by several factors: Trade barriers, price volatility, and drought

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LRP cost advantages can nonetheless be impeded by several factors. First, trade barriers can impede regional procurement, although none were encountered in the projects we studied, all of which were local procurements within the country in which food distribution took place. Second, price volatility can increase uncertainty as to the ultimate cost of local procurement, including the value of cash-denominated vouchers and cash. The period we studied, FY2011, was a time of rapidly rising food prices on global and local markets. In some cases, this squeezed NGOs that had budgeted initially at the lower prices that prevailed when projects were proposed. Third, drought, conflict, and erratic weather patterns can disrupt local supply, again driving up prices for local purchases (WFP 2011).

3. LRP not effective for all emergencies

There will continue to be instances where needs can only be fulfilled by shipping food from the U.S.

Catholic Relief Services 2016 (non-profit official overseas relief and development agency of the U.S. Conference of Catholic Bishops and a member of Caritas Internationalis and the National Catholic Development Conference) (**ethical** **disclosure**: the article is undated but contains references to material published in 2016) “CASH-BASED APPROACHES AND LOCAL REGIONAL PROCUREMENT (LRP),” <https://www.crs.org/get-involved/advocate/public-policy/global-hunger/cash-based-approaches-and-lrp>

CRS supports the use of cash-based and LRP for food assistance where feasible. Our experience shows that buying food locally can be faster, cheaper and safer than shipping food from the United States. CRS does not view buying locally as a panacea, and there will continue to be instances where emergency needs can only be fulfilled by shipping food from the United States.

4. Numerous barriers to LRP effectiveness

LRP vulnerable to failure risks: lack of suppliers, infrastructure, legal systems, funding delays and quality issues

Dr. Charles E. Hanrahan 2010 (was a Senior Specialist in for the Congressional Research Service, where he conducted research and analysis of agricultural policy issues with a focus on international food aid, agricultural development and international agricultural trade ; formerly held senior positions in USDA’s Economic Research Service, including assistant director for research in the International Economics division; currently an independent consultant focusing on international agricultural issues. Ph.D. in agricultural economics from Univ of Kentucky) 26 Jan 2010 “Local and Regional Procurement for U.S. International Emergency Food Aid,” <http://nationalaglawcenter.org/wp-content/uploads/assets/crs/R40759.pdf>

Several recent studies have evaluated the timeliness and cost-effectiveness of LRP versus commodity donations and conclude that LRP in Sub-Saharan Africa (SSA) costs substantially less than shipping food aid from the United States to Africa and that food aid delivery times are substantially shorter. The studies point to risks associated with LRP, including lack of reliable suppliers, poor infrastructure, weak legal systems, donor funding delays, and quality (i.e., food safety or nutrition) considerations, that could impede the efficiency of LRP.

GAO study find problems with LRP: suppliers, infrastructure, legal systems, funding, and quality issues

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GAO identified factors that limit the efficiency of LRP. These include a lack of reliable suppliers, poor infrastructure and logistical capacity, weak legal systems, timing and restrictions on donor funding, and quality considerations. According to GAO, WFP has encountered problems in identifying reliable suppliers of food aid commodities; limited infrastructure (ports and transport) can delay delivery; weak legal systems could limit buyers’ ability to enforce contracts and impose penalties; and late or inadequate donor funding can limit the ability of WFP to purchase food when and where needed. Some of these factors would apply as well to in-kind food aid donations. GAO also notes that food quality could be a problem and provided some examples. According to GAO, however, WFP has not analyzed whether quality issues are more severe for food procured locally or regionally versus food procured internationally.

Financial aid is better than food aid, except when it’s not. Specific country circumstances can block success

*Organisation for Economic Co-operation and Development 2005 (OECD is a forum of 30 democracies ; member countries are: Australia, Austria, Belgium, Canada, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Spain, Sweden, Switzerland, Turkey, the U.K. and the U.S. The Commission of the European Communities takes part in the work of the OECD) 2005 “The Development Effectiveness of Food Aid,”* [*https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/3043.pdf*](https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/3043.pdf)

Food aid is also typically associated with high transactions costs. That leads to a near consensus on the preference for financial aid, except in specific recipient country circumstances. These include where markets perform poorly, and in areas where there are likely to be structural deficits. Because of the resource uncertainties, the logic of development planning is to use food aid to complement other resources within recovery plans and sectoral programmes, rather than to look for ways of drawing other resources into strengthening food aid supported projects.

OECD study: In many food deficit situations, in-kind food aid (bags of grain) are preferable to local procurement

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However, the OECD study points out that, based on its food aid study, “in most circumstances, financial aid rather than food aid in-kind is the preferable option.... (but) In many food deficit situations, local procurement is not always a feasible option.... [c]ontext-specific rationale is always required for relying on food aid in kind in preference to financial aid.”

4. “Cost advantage” of LRP often doesn’t happen

Link: Some locally procured products cost more than U.S. sourced products

Erin Lentz, Prof. Christopher Barrett and Dr. Miguel Gómez 2012 (**Lentz**—research support specialist at Cornell;BA in Economics and an MS in Applied Economics and Management. **Barrett**— International Professor of Agriculture and Professor of Economics at Cornell; was editor of the American Journal of Agricultural Economics; elected Fellow of the American Association for the Advancement of Science, the Agricultural and Applied Economics Association, and the African Association of Agricultural Economists. **Gómez**—associate professor at the Charles H. Dyson School of Applied Economics and Management, and a fellow of the David R. Atkinson Center for a Sustainable Future at Cornell; MS and PhD in Agricultural and Consumer Economics from Univ of Illinois) 11 Jan 2012 “The Impacts of Local and Regional Procurement of US Food Aid: Learning Alliance Synthesis Report” <http://barrett.dyson.cornell.edu/files/papers/LRPCh1Lentzetal11Jan2012Update.pdf>

However, some locally procured products cost more than US‐sourced products. More timely delivery came at a higher price. In this emergency situation such a tradeoff could be considered worthwhile, while in many non‐emergency contexts where delivery lags can be anticipated and well‐managed, such tradeoffs might be unattractive to food assistance program managers.

Example: Processed commodities (vegetable oil or corn soy blend) costs more

Erin Lentz, Simone Passarelli and Prof. Christopher Barrett 2012 (**Lentz**—research support specialist at Cornell; BA in Economics and an MS in Applied Economics and Management. Her Masters thesis on food aid targeting was awarded "Outstanding Masters Thesis" by Northeastern Agricultural and Resource Economics Association. **Passarelli**—International Agriculture and Rural Development, Cornell University. She works as a research assistant on Professor Barrett's LRP project. **Barrett**—agricultural and development economist, an International Professor of Agriculture, and Professor of Economics and a Fellow of the David R. Atkinson Center for a Sustainable Future, at Cornell) May 2012 “The Timeliness and Cost-Effectiveness of the Local and Regional Procurement of Food Aid” <http://barrett.dyson.cornell.edu/Papers/Lentz%20et%20al%20LRP%20time%20and%20cost%206%20May%202012.pdf>

As with the timeliness estimates, we estimate cost-effectiveness by comparing LRP activities against carefully matched in-kind, transoceanic US food aid shipments, now matching by commodity type as well. We find that cost-effectiveness varies markedly by country and commodity. Procuring unprocessed grains and some pulses locally seems to result in significant cost savings—procuring grains locally resulted in cost savings of over 50 percent, on average—while locally procuring processed commodities such as vegetable oil or corn soy blend (CSB) may or may not be cost-effective relative to transoceanic shipments.

Example: Vegetable oil or corn soy blend (CSB) costs 26% more on average

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We find that LRP, on average, is not more cost-effective than transoceanic shipments of processed products: vegetable oil and corn soy blend. On average, purchasing vegetable oil or CSB locally costs 26 percent more than transoceanic food aid. However, this varies by region and by the degree of processing and type of packaging (Table 2).

Example: Guatemala. CSB (corn/soy blend) products cost twice as much to purchase locally versus American-sourced

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In Guatemala, Incaparina, a locally produced CSB [corn/soy blend] product, costs more than twice as much as CSB sourced from the US and delivered to a final distribution warehouse. Both transoceanic CSB and Incaparina are micronutrient fortified. However, Incaparina has slightly more micronutrients and is packaged in 450 gram retail bags, features that add to its cost, although they likely do not fully explain the estimated cost differential.

Example: West Africa. Vegetable oil products costs more to purchase locally versus American-sourced

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Procuring vegetable oil locally was also more expensive than transoceanic shipments in inland West Africa. Vegetable oil in Niger and Burkina Faso tends to originate in Cote d’Ivoire. Agencies operating in West Africa noted that the crisis following Cote d’Ivoire’s November 2010 presidential election led to significant increases in transportation and commodity prices, which could account for the large price differential between transoceanic vegetable oil and vegetable oil procured regionally.

5. The U.S. cargo preference requirements reduce the cost advantage

The U.S. cargo preference requirements are a constraint to the U.S. implementation of LRP activities

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GAO identifies U.S. cargo preference requirements as a possible constraint to U.S. implementation of LRP activities. Cargo preference legislation requires that up to 75% of the gross tonnage of agricultural foreign assistance cargo be transported on U.S. flag vessels.

Cargo preference requirements could affect the potential cost savings and timeliness of LRP food aid deliveries

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According to GAO, cargo preference requirements could adversely affect potential cost savings and timeliness of food aid deliveries of LRP if locally or regionally procured commodities had to be shipped on U.S. flag vessels. GAO recommends that the agencies involved in implementing cargo preference—the Department of Transportation, USDA, and USAID—address the cargo preference issue through a renegotiation of the 1985 memorandum of understanding that delineates agency responsibility for implementing cargo preference requirements.

DISADVANTAGES

1. Inappropriate Usage of LRP

Link: LPR should only be used when appropriate—it is not a magic bullet

Erin Lentz, Prof. Christopher Barrett and Dr. Miguel Gómez 2012 (**Lentz**—research support specialist at Cornell;BA in Economics and an MS in Applied Economics and Management. **Barrett**— International Professor of Agriculture and Professor of Economics at Cornell; was editor of the American Journal of Agricultural Economics; elected Fellow of the American Association for the Advancement of Science, the Agricultural and Applied Economics Association, and the African Association of Agricultural Economists. **Gómez**—associate professor at the Charles H. Dyson School of Applied Economics and Management, and a fellow of the David R. Atkinson Center for a Sustainable Future at Cornell; MS and PhD in Agricultural and Consumer Economics from Univ of Illinois) 11 Jan 2012 “The Impacts of Local and Regional Procurement of US Food Aid: Learning Alliance Synthesis Report” <http://barrett.dyson.cornell.edu/files/papers/LRPCh1Lentzetal11Jan2012Update.pdf>

It is equally important, however, to emphasize the importance of clearly identifying donors’ and operational agencies’ objectives in employing LRP. While there are cases where synergies exist among distinct objectives, as illustrated by Upton et al. (2012), there are also many times where LRP is appropriate for one objective but inappropriate for another, such as the case of the emergency food aid program in Guatemala examined by Harou et al. (2012). LRP is a tool to be used only where it is appropriate; it is not a magic bullet.

Link: With no choice but to use LPR, there will be times where the usage will be inappropriate.

Erin Lentz, Simone Passarelli and Prof. Christopher Barrett 2012 (**Lentz**—research support specialist at Cornell; BA in Economics and an MS in Applied Economics and Management. Her Masters thesis on food aid targeting was awarded "Outstanding Masters Thesis" by Northeastern Agricultural and Resource Economics Association. **Passarelli**—International Agriculture and Rural Development, Cornell University. She works as a research assistant on Professor Barrett's LRP project. **Barrett**—agricultural and development economist, an International Professor of Agriculture, and Professor of Economics and a Fellow of the David R. Atkinson Center for a Sustainable Future, at Cornell) May 2012 “The Timeliness and Cost-Effectiveness of the Local and Regional Procurement of Food Aid” <http://barrett.dyson.cornell.edu/Papers/Lentz%20et%20al%20LRP%20time%20and%20cost%206%20May%202012.pdf>

Not all food assistance responses are equally suitable in all situations (Barrett and Maxwell 2005, Barrett et al. 2009). The specific goals for a given food assistance activity matter in determining the best form in which to provide assistance: in-kind food aid shipped from the US, locally or regionally procured food aid, vouchers, or cash transfers. For example, an agency or donor may be willing to trade off cost efficiency for speed or in order to support local producers or processors. Other contextual factors matter as well, such as the specific location of the activity, the commodities involved and whether LRP is even appropriate/feasible in the current and expected market conditions.

Link: Agencies need to be able to carefully analyze what to use in a particular situation

Erin Lentz, Simone Passarelli and Prof. Christopher Barrett 2012 (**Lentz**—research support specialist at Cornell; BA in Economics and an MS in Applied Economics and Management. Her Masters thesis on food aid targeting was awarded "Outstanding Masters Thesis" by Northeastern Agricultural and Resource Economics Association. **Passarelli**—International Agriculture and Rural Development, Cornell University. She works as a research assistant on Professor Barrett's LRP project. **Barrett**—agricultural and development economist, an International Professor of Agriculture, and Professor of Economics and a Fellow of the David R. Atkinson Center for a Sustainable Future, at Cornell) May 2012 “The Timeliness and Cost-Effectiveness of the Local and Regional Procurement of Food Aid” <http://barrett.dyson.cornell.edu/Papers/Lentz%20et%20al%20LRP%20time%20and%20cost%206%20May%202012.pdf>

The evidence does not, however, indicate that LRP is always and everywhere superior to transoceanic food aid in cost-effectiveness terms, although in these data it is always superior by timeliness criteria. Agencies need to analyse carefully the setting in which they propose to distribute food assistance and identify their priority objectives—timeliness, cost-effectiveness, or something else—in order to choose the most appropriate response instrument.

Impact: Inability to choose takes away their ability to “do no harm”

Erin Lentz, Prof. Christopher Barrett and Dr. Miguel Gómez 2012 (**Lentz**—research support specialist at Cornell;BA in Economics and an MS in Applied Economics and Management. **Barrett**— International Professor of Agriculture and Professor of Economics at Cornell; was editor of the American Journal of Agricultural Economics; elected Fellow of the American Association for the Advancement of Science, the Agricultural and Applied Economics Association, and the African Association of Agricultural Economists. **Gómez**—associate professor at the Charles H. Dyson School of Applied Economics and Management, and a fellow of the David R. Atkinson Center for a Sustainable Future at Cornell; MS and PhD in Agricultural and Consumer Economics from Univ of Illinois) 11 Jan 2012 “The Impacts of Local and Regional Procurement of US Food Aid: Learning Alliance Synthesis Report” <http://barrett.dyson.cornell.edu/files/papers/LRPCh1Lentzetal11Jan2012Update.pdf>

Together, these results suggest that when and where agencies establish that LRP is an appropriate tool, procurements can be made without disrupting local markets. But they also reinforce the need for both ex ante response analysis to ensure that demand‐side market interventions associated with local procurements—akin the Bellmon analyses required of supply‐side market interventions associated with food aid monetization – and ongoing market monitoring to ensure that “do no harm” provisions are satisfied.

Impact: Turn the harms of the AFF plan.

If LRP food aid is not appropriate, the goal of solving hunger gets worse, not better.

2. Market Price Surge

Link: LRP increases the demand for food and drives up the prices for consumers. Example: 2003 price surges in Ethiopia, Niger, and Uganda

Dr. Thomas Melito 2009 (Director of International Affairs and Trade team at the Government Accountability Office; responsible for GAO work involving multi-lateral organizations and international finance) May 2009 “International Food Assistance: Local and Regional Procurement Can Enhance the Efficiency of U. S. Food Aid, But Challenges May Constrain Its Implementation,” <https://books.google.com/books?id=mxLankMDXNAC&pg=PA68&lpg=PA68&dq=2003+price+hikes+in+ethiopia+and+uganda+due+to+LRP&source=bl&ots=V0-pW0ov4J&sig=X_TdFVbpJK5KdBYd_YQ6CwLUa_A&hl=en&sa=X&ved=0ahUKEwi3ppOLnpjcAhUHhuAKHWyhBvIQ6AEIQDAD#v=onepage&q=2003%20price%20hikes%20in%20ethiopia%20and%20uganda%20due%20to%20LRP&f=false> (page 68) (brackets added)

WFP [World Food Programme] paid a 10 percent premium in Kenya from 2001 to 2005, an 18 percent premium in Uganda from 2001 to 2004, and the local market price from 2000 to 2005. In Zambia, WFP paid the local price over the period. Some evidence shows that LRP contributed to price surges in Uganda in 2003 and Niger and Ethiopia in 2005 to 2006.

Link: Markets are adversely affected by LRP. Food prices go up

Dr. Charles E. Hanrahan 2010 (was a Senior Specialist in for the Congressional Research Service, where he conducted research and analysis of agricultural policy issues with a focus on international food aid, agricultural development and international agricultural trade ; formerly held senior positions in USDA’s Economic Research Service, including assistant director for research in the International Economics division; currently an independent consultant focusing on international agricultural issues. Ph.D. in agricultural economics from Univ of Kentucky) 26 Jan 2010 “Local and Regional Procurement for U.S. International Emergency Food Aid,” <http://nationalaglawcenter.org/wp-content/uploads/assets/crs/R40759.pdf>

GAO also notes that LRP has potential for adversely affecting markets. This would be the case when LRP increases demand for food and drives up prices for consumers. Examples from 2003 are price hikes that occurred in Ethiopia and Uganda when WFP purchased local commodities for food aid. The antidote to adverse market impacts, GAO says, is improved intelligence on market prices, production levels and trade patterns.

Impact: Devastated lives of the poor

World Food Programme 2012 (food aid agency of the UN) 4 Sept 2012 “How High Food Prices Affect The World’s Poor” <https://www.wfp.org/stories/how-high-food-prices-affect-worlds-poor>

In fact, the poorest households in the developing world may spend as much as 60-80 percent of their on food. When prices go up, they must spend even more of their meager resources on food. That means they have less for their other needs, such as clothes, shelter, medicines, school books for the children. And little by little, non-essentials get cut.  
Tough choices  
To begin with, people start reducing the quality of the food they eat. That means less fresh fruit and vegetables, less meat. They will concentrate on staples, usually grain such as wheat, maize or rice. This impacts their intake of vitamins and protein, which can be harmful, especially when children are under two. After that, families might start cutting the number of times they eat a day, from three to two and then even to one. Naturally, as things get tough, families start to look for other ways to make savings. If someone in the family needs costly medicine, that may be cut. If a family has a couple of goats or a few chickens, for example, they may sell those. This brings in more money but it’s disastrous for the future because it means they no longer benefit from the goat’s milk and the chicken’s eggs. Losing assets in this way pushes a family much closer to destitution. Education also starts to seem non-essential. Parents may pull their kids out of school, setting them to work growing food or selling things on the streets for a few coins. Education is not as tangible a loss as a chicken or a goat, but the long-term consequences can be severe. Children may never go back to school. If that happens, their chances of pulling themselves and their families out of poverty are reduced – possibly forever.

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