



GLOBAL: Will scaling up pre-positioned food aid save time and money?



Photo: Abdullah Shaheen/IRIN
Positioning of food aid ahead of a crisis can reduce the response time

JOHANNESBURG, 27 March 2009 (IRIN) - In a time of growing [food shortages and high prices](#), humanitarian agencies have begun exploring ways to respond to crises sooner. Pre-positioning food aid closer to where it is needed to save money and time is one idea gaining ground.

Leading the efforts to scale-up positioning food ahead of a crisis is the US Agency for International Development (USAID), the aid arm of the United States of America, the world's largest food aid donor.

The agency will set up several food aid warehouses in 2009 to be able to respond rapidly to hunger crises across the world. The first food aid warehouse was established in Djibouti, in the Horn of Africa on the Red Sea, in 2007, to preposition food aid for Africa and Asia.

USAID said the facility, which stocks corn-soya blend, corn-meal and vegetable oil, reduced delivery time by 75 percent, saving "a lag time of three to four months if the same food were to be dispatched from ports in the US."

The Djibouti warehouse has been able to send food to Ethiopia, Sudan, Somalia, the Democratic Republic of Congo, Kenya, Uganda, Zimbabwe, Lesotho, Afghanistan, Iraq and Myanmar. Somalia, Sudan and Ethiopia have accounted for about 57 percent of the total metric tonnage sourced from Djibouti pre-positioned stock.

The example of USAID has been followed by the UN World Food Programme (WFP), the world's largest food-aid agency, which recently said it would launch a global campaign to raise money for an advance-purchase facility, and to position the food ahead of distribution needs.

A welcome improvement?

Food aid experts and the US Government Accounting Office (GAO), the Congressional investigative agency that examines the use of public funds and evaluates federal programmes, have acknowledged the advantages of prepositioning aid to save time, but have raised some concerns, including the long-term costs.

Christopher Barrett, who teaches development economics at Cornell University and edits the American Journal of Agricultural Economics, is cautious. "There is some, but limited, promise in prepositioning. It is an important prospective operational improvement in food aid delivery, but far from a magic bullet."

The Djibouti experiment is "too recent for us to have a good sense yet if it'll really work well," he said. "It can clearly reduce response time, but only for initial shipments; the volumes available are typically small, and if one tries to go to large-scale storage, costs rise very fast."

Marc Cohen, a humanitarian researcher at Oxfam America, an international non-governmental aid agency said pre-positioning opened up more possibilities for sourcing and dispensing aid.

"WFP is increasing its flexibility [in dispensing aid] with this approach: to have cash in hand to either dispense cash vouchers, or position a supply of food near where it could be needed."

In a [2007 report](#) on its investigations into US food aid programmes, GAO found that in fiscal 2005 and 2006, contract and freights costs had pushed up the price tag of prepositioned food aid by at least \$30 per metric ton.

Cohen said there were concerns about the costs of the Djibouti warehouse, which was near the ocean but needed air-conditioning throughout the year because of the high temperatures. "But in the end, the costs might even out what it might have [cost] to ship the food across [in an emergency]."

Significantly, USAID said it was raising the cap on storage costs associated with overseas pre-positioned commodities from \$2 million per year to \$10 million per year, beginning in fiscal year 2009.

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USAID plans to open one or more warehouses for pre-positioned aid soon in:

- Horn of Africa
- Central Africa
- Southern Africa
- West Africa
- Southeast Asia
- United States Gulf area

WFP's intended "forward purchase facility" is currently in its pilot phase, according to Natasha Scripture, a spokeswoman for the agency. "The facility is part of a wider WFP toolbox and allows us to purchase food in advance of having a specific project to allocate it to," she said.

"This involves us looking at the regional needs, considering past trends with an eye to projecting the amount of food needed and when, and then undertaking a purchase in advance. The risk is small, as we have been working in many of these countries for years, and know when food is usually needed and in which country."

Alternatives

GAO suggested in its report that USAID investigate the long-term cost-effectiveness of pre-positioned food aid, but also cited two other pre-positioned food aid alternatives:

- Ethiopia's national grain reserve - capitalized by donors, including the US - functions as a "de facto prepositioning site" for about 400,000 metric tons, enough to feed around 5.4 million people for about 6 months, according to the Ethiopian government's Emergency Food Security Reserve Administration.
- Floating aid, in which ships carrying WFP food set off for a particular region, but can then be diverted to another destination in the event of an emergency.

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