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*STUDY BY THE STAFF
OF THE
U. S. GENERAL ACCOUNTING OFFICE*



**U. S. Participation
In International
Food Organizations:
Problems And Issues**

Departments of State and Agriculture

The World Food Conference, held in November 1974, focused world attention on the critical problems of food shortages and lagging agricultural development. The Conference called upon all nations and international food and agricultural organizations to act on a broad range of resolutions and proposals.

This study deals with the Food and Agriculture Organization, the World Food Program, and the new U.N. World Food Council, which are deeply involved in and important to the overall success of the attack on global starvation and malnutrition.

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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

INTERNATIONAL DIVISION

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The General Accounting Office has made a study of U.S. participation in international food organizations to assemble up-to-date information on current issues and problems. The study focused on the Food and Agriculture Organization, the World Food Program, and the World Food Council. We examined the purpose, nature, programs, and mechanisms of these organizations and their efforts to relieve world hunger. In this regard, we discussed at some length the responsibilities of these organizations for implementing the resolutions of the 1974 World Food Conference.

We met and talked with officials of the three organizations, the Departments of State and Agriculture, and the Agency for International Development. Numerous documents and reports prepared by the organizations and the U.S. agencies involved were analyzed. A draft of this study was reviewed by officials of the Departments of State and Agriculture and the Agency for International Development, and their comments are incorporated as appropriate.

Copies of this study are being sent to the Chairman, Senate Committee on Nutrition and Human Needs. Copies also are being sent to the Senate Committees on Government Operations, Foreign Relations, and Agriculture and Forestry and Subcommittees on Foreign Operations and Foreign Agricultural Policy and the House Committees on Appropriations, International Relations, and Agriculture and Subcommittees on International Organizations and Foreign Operations.

We are also sending copies to the Secretaries of State and Agriculture; the Administrator, Agency for International Development; and the Director, Office of Management and Budget.

J. K. Fossick
Director

J. Kenneth Fossick

SUMMARY

U.S. PARTICIPATION IN

INTERNATIONAL FOOD ORGANIZATIONS:

PROBLEMS AND ISSUES

The World Food Conference, held in November 1974, focused world attention on the mounting food crisis and set forth a broad range of resolutions and proposals to alleviate hunger. The Food and Agriculture Organization, the World Food Program, and the World Food Council will be crucial to the overall success of the attack on global starvation and malnutrition.

FOOD AND AGRICULTURE ORGANIZATION

The Food and Agriculture Organization was established in 1945 to collect, analyze, and publish data on food, nutrition, and agriculture; provide forums for government consultations; and provide technical development assistance. It is financed through member assessments; U.N. Development Program allocations; and trust funds voluntarily contributed by members, other organizations, and nongovernmental groups.

Recently the U.N. Development Program faced a liquidity crisis which greatly affected the Organization's field program. The problems that caused this crisis have been recognized, and efforts are underway to alleviate the situation. However, concern still remains regarding the impact this crisis will have on the Organization's future field programs. The situation will require close monitoring.

The United States, one of the Organization's initial members and its major financial contributor, continues to be underrepresented on the Organization's staff. U.S. nationals held only 11 percent of the Organization's professional staff positions in 1975 although the United States contributes 25 percent of the Organization's regular budget.

WORLD FOOD PROGRAM

The World Food Program, established in 1963, is a multi-lateral channel for contributing food aid to needy countries. Donor countries voluntarily pledge food and cash for the program to distribute. As proposed by the World Food Conference, the Intergovernmental Committee which had governed the Program has been reconstituted as the Committee on Food Aid Policies and Programs. U.S. officials are concerned that the expanded size and the overall policy role of this new Committee will reduce the Program's efficiency and effectiveness and

politicize its operations. There is also concern that increased emphasis on crisis situations (economic disruption from wars of independence or liberation and from natural disasters) could detract from the Program's main mission of economic development.

As the amount of the U.S. contribution to the World Food Program has steadily increased, from \$43.6 million for 1963-65 to \$140 million for 1975-76, its share of total Program resources has fallen, from about 50 percent to a little over 25 percent. The 1975-76 U.S. pledge to the Program included \$97 million in commodities, \$40 million in shipping services, and \$3 million in cash. Over the years, the Program has built up a cash reserve of about \$40 million, which earns an estimated \$3 million in interest annually.

WORLD FOOD COUNCIL

The World Food Council, established in 1974 as a result of the World Food Conference, is to act as overall coordinator for international food policy. Its chief tasks will be to follow up on implementation of the resolutions adopted by the World Food Conference, to coordinate food policies among U.N. organizations, and to double food production in less developed countries. The first World Food Council meeting, which took place in June 1975, has been characterized as utterly chaotic. Its second meeting in June 1976 also was indecisive, and many of the issues discussed were referred to other U.N. organizations for further consideration.

There is also concern that some of the new organizations and activities, such as the Council, that were recommended by the World Food Conference could result in additional fragmentation and proliferation of existing programs.

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ABBREVIATIONS

AID	Agency for International Development
CFA	Committee on Food Aid Policies and Programs
FAO	Food and Agriculture Organization
UNDP	United Nations Development Program
WFP	World Food Program

CHAPTER 1

FOOD AND AGRICULTURE ORGANIZATION

The Food and Agriculture Organization (FAO) has grown from an initial membership of 32 countries in 1945 to 136 as of November 1975. It is an independent entity, with its own constitution, member governments, governing body, budget, and work program. FAO fosters international cooperation in nutrition, food, and agriculture by (1) collecting, analyzing, and disseminating agricultural information, (2) providing an international forum to discuss problems of common concern, and (3) providing technical assistance to countries requesting it.

The United States is an FAO charter member and its major financial contributor. It is also one of about 80 countries with permanent missions to FAO in Rome. The U.S. mission consists of two State Department officers and one Agency for International Development (AID) officer, who are responsible for U.S. Government liaison with FAO and the World Food Program (WFP).

The Conference is the governing body of FAO. It meets regularly every 2 years, but special sessions may be called. The last regular meeting was in November 1975. Each FAO member has one vote in the Conference, but delegates are normally accompanied by alternates, associates, and advisors.

The FAO Council serves as the executive arm between sessions of the Conference and holds at least one meeting each year as well as brief sessions immediately before and after the Conference. The Council, composed of 42 member governments elected by the Conference, appoints a number of committees to deal with programs, finances, and constitutional and legal matters.

FAO's regular and field programs are administered by a permanent international staff, headed by the Director General. As of 1975, FAO had a total of more than 2,500 full-time employees at Rome headquarters and five worldwide regional offices. A new Director General was elected at the November 1975 Conference and took office January 1, 1976.

FAO'S WORK

To understand FAO's work and functions, one must distinguish between its regular program and its field program. The two programs have distinct objectives, functions, and methods of operation and are funded from different sources.

Regular program

FAO's regular program personnel collect, analyze, compile, and publish data on agriculture, nutrition, fisheries, and forestry. FAO is the largest international publisher of technical information in these fields, and its publications are valuable reference works for universities and government agencies. The regular program is designed to promote and recommend national and international action for research, education, conservation, processing, marketing, and distribution of food and agricultural products, credit, and commodity arrangements.

The regular program is financed by collecting dues from FAO members according to FAO's version of the standard U.N. scale of assessments, which is based on ability to pay. The U.S. share of 25 percent is by far the largest. The full cost of the program, established when the FAO Conference approves the biennial budget, is prorated among the members and collected each year. The approved budget for 1976-77 was \$167 million, of which the U.S. assessment will be about \$42 million.

Field program

The field program aids developing countries by sponsoring projects for increasing agricultural production, primarily through expert technical assistance but also through financing of equipment or other needed inputs. The three main categories of projects are resource surveys, feasibility studies, and training and institution-building. In January 1975, FAO was participating in about 1,700 field projects in 126 countries and territories and had a total accumulative aid allocation of \$567.5 million. Of this amount, 32 percent was allotted for projects in Africa; 19 percent for Latin America; 22 percent for Asia and the Far East; and 23 percent for Europe, the Near East, and North Africa. The remaining 4 percent was used for interregional and global projects. Livestock production and health, training and research, and crop development and protection received the largest allocations.

The field program is financed almost entirely through voluntary contributions. The largest single contributor has been the United Nations Development Program (UNDP), which makes FAO its agent for agricultural development projects. These projects amount to as much as 30 percent of UNDP aid activities. Trust funds are another major and increasing source of revenue.

The table below compares field and regular program expenditures from 1969 to 1975.

<u>Year</u>	<u>Field program</u>		<u>Regular program</u>	<u>Total</u>
	<u>UNDP</u>	<u>Other</u>		
(millions)				
1969	\$58.1	\$ 21.6	\$32.0	\$111.7
1970	69.4	25.7	33.6	128.7
1971	85.7	28.0	37.9	151.6
1972	85.1	34.8	37.8	157.7
1973	78.8	42.6	43.8	165.2
1974	78.6	57.3	49.3	185.2
1975	90.0	a/104.3	59.8	254.1

a/Most of this increase can be attributed to contributions to FAO's International Fertilizer Supply Scheme.

At the end of 1975, UNDP experienced a cash shortage and funding restraints which could seriously disrupt the FAO field program. (See p. 4.)

CURRENT ISSUE AREAS

Trust funds and others

An FAO representative characterized trust fund and similar operations as a "mixed bag," which includes:

- Government bilateral aid projects channeled through FAO.
- Associate expert programs, in which countries send young professionals to gain experience with an international agency while they help developing countries.
- Unilateral projects.
- Procurement projects, in which FAO obtains such items as fertilizer or seed for countries lacking purchasing expertise.
- Funds provided by other international organizations.

Sweden, Denmark, and Norway are the primary providers of government bilateral trust funds and, in effect, operate part of their bilateral aid programs through FAO. All trust fund contributions are over and above regular FAO assessments. As of December 1974, the United States had three small trust fund schemes in operation, totaling about \$50,000 a year. (See app. II for types and status of FAO trust funds.)

The number and value of trust funds have grown rapidly in the past few years. In 1968, trust funds spent less than \$9 million; in 1974 they spent more than \$40 million. The 1975 total is expected to increase to \$80 million, as a result of increases in the International Fertilizer Supply Scheme, which is handled like a trust fund.

FAO charges a service fee for all trust funds which generally amounts to 14 percent of the project amount. This is the same service charge made to UNDP for handling its field projects. According to an FAO official, these charges do not cover all administrative costs incurred. In 1974, FAO financed about \$5 million of these costs (for UNDP, WFP, and trust funds combined) from its regular program. Smaller trust funds, especially those under \$50,000, are apparently very costly to administer in relation to the size of the project. As a result, the FAO Finance Committee and Council have recommended careful screening of future requests for trust funds to insure that they will be large enough to compensate FAO for the time and resources required to handle them.

Countries that use trust funds can be as much or as little involved in the projects as they wish. Some will participate in project development; some will send monitoring teams to inspect the projects in operation. These countries receive regular financial reports on each trust fund project, and the funds are audited in the normal audit of FAO finances.

According to an FAO official, expansion of the trust fund program is welcomed and new trust funds are encouraged, especially if the projects will be large enough so they are not inordinately costly to administer. He said he would like to see the United States initiate a large trust fund program, especially now, because, with the UNDP financial crisis, FAO may face significant cuts in its field program. FAO officials believe trust funds would be an adequate replacement for diminishing UNDP resources. In general, the U.S. policy is not to encourage organizations like FAO to make too great a use of trust funds.

UNDP liquidity crisis

In 1970 UNDP funds accounted for more than 70 percent of FAO's field program funds; in 1975 the UNDP share fell to less than 50 percent as other sources--especially trust funds--emerged as major program donors. Nevertheless, UNDP remains the single most important field program resource. As of January 1975, UNDP-assisted projects accounted for about 77 percent of ongoing FAO field projects and 86 percent of funds allotted.

In November and December 1975, UNDP's monthly costs for FAO projects averaged about \$7 million. In November, during the 18th Session of the FAO Conference, UNDP informed the FAO Director General that it was unable to meet November and December obligations. It had only enough cash to pay about \$6.6 million for November, and it expected the shortfall to be at least \$7.5 million by the end of the year. This UNDP liquidity crisis meant that FAO had to find new resources almost immediately to pay its field staff and the field program's portion of headquarters overhead and to purchase equipment already contracted for under field projects. The crisis has longer range implications as well. UNDP will probably experience shortfalls during the first few months of 1976; more importantly, it apparently faces continued lower funding levels. The problems which caused this crisis have been recognized and efforts are underway to alleviate the situation. However, concern continues regarding the impact this crisis will have on FAO's future field programs.

The State Department identified several causes for the UNDP cash flow problem.

- Substantial inflation in the costs of personnel and equipment has resulted in larger than expected expenditures per item.
- At UNDP urging, the rate of FAO's program delivery was greatly accelerated in 1975.
- Contributions from UNDP donors fell short of expectations in 1974 and 1975.
- Some countries have not yet paid their UNDP pledges for 1975.
- Most of the liquid part of UNDP's \$150 million operational reserve has been drawn down, leaving \$35 million in nonconvertible currencies (\$19 million in Russian rubles) plus other restricted assets.

To relieve the immediate crisis, the FAO Conference authorized the Director General to borrow up to \$10 million for obligatory expenditures, such as salaries and contracts, only. FAO trust funds and the World Food Program's cash surplus are possible sources of loans. Although the burden is really on UNDP, it does not have borrowing authority.

In the past 2 years, the United States has been UNDP's largest contributor and as such has a major interest in the crisis. Such incidents point out the need for continued U.S. monitoring of organization management.

FAO staffing

In March 1975, FAO's total staff numbered nearly 7,500.

	<u>Professional</u>	<u>General services</u>	<u>Total</u>
Headquarters and regional office staff	974	1,604	2,578
Field staff	2,955	494	3,449
Other (posts funded by trust funds, associated experts and consultants)	<u>582</u>	<u>818</u>	<u>1,400</u>
Total	<u>4,511</u>	<u>2,916</u>	<u>7,427</u>

U.S. nationals held only about 90 (10.6 percent) of the 846 professional positions at FAO headquarters in July 1975 and an even smaller share of the field staffs. Since under FAO criteria U.S. nationals are entitled to 20 percent of FAO's positions, the United States is classified as under-represented.

In addition to the number of U.S. nationals holding positions at FAO, also important is the distribution of these employees in the substantive areas of FAO operations. U.S. nationals hold some important posts within the international staff, including FAO Deputy Director General and World Food Program Deputy Executive Director, but lack representation in the technical, commodity, and development program areas. (App. III lists the nationality of incumbents of key headquarters positions.)

A major obstacle to placing more Americans on the FAO staff, according to the State Department, is the fact that qualified U.S. personnel can obtain better jobs in the United States. This is not the case for some of the developing countries, where jobs are relatively scarce and low paying. Indeed, FAO can compete favorably with some developed countries, such as the United Kingdom. This helps explain why the United Kingdom has almost as many nationals working for FAO as the United States does, even though it pays only 6.77 percent of FAO's budget.

FAO is plagued by the same personnel problems that afflict all international agencies, arising from mixing personnel of different nationalities, languages, educational backgrounds, political and cultural values, and technical capabilities. We were told that occasionally two FAO personnel who were supposed to be working together required a third person to act as interpreter.

Since 1970 the number of FAO technical field experts from countries which receive FAO aid has increased from 30.5 to 41.5 percent. As many as 16 recipients, including India, Pakistan, Chile, and Syria, have contributed more expert personnel than they received. Even the 28 least developed countries contribute 32 experts; surprisingly, 14 come from Haiti and 13 from the Sudan. Participation by developing countries is important, but the increasing use of recipient country experts may be creating a "brain drain"--a removal of agricultural experts from their native countries where they could perhaps do more good.

Management of U.S. participation in FAO

After the founding of FAO, President Truman directed the Secretary of Agriculture to "take the leadership in coordinating the work of the various agencies of the government on problems arising from U.S. participation in the Food and Agriculture Organization." He also established an interagency committee, with the Secretary of Agriculture or his nominee as chairman, responsible for insuring that "our Government aids to the fullest the proper functioning of the FAO."

In April 1946, the Secretary of Agriculture formally established the U.S. FAO Interagency Committee. (See app. I for Committee membership.) The Committee's responsibilities were to:

- Coordinate the work of various Government agencies on problems arising from U.S. participation in FAO.
- Insure that the Government fully aids the proper functioning of FAO.
- Help formulate positions the Government should take in various FAO activities.
- Provide a suitable channel for the speedy exchange of communications between FAO and the United States.

The Committee's creation did not alter the responsibility of the Secretary of State for policy guidance on international political and general organizational and administrative questions as they affect the relationships of FAO and other international organizations. He also retains responsibility for designating official U.S. Government representation at FAO Conferences, Council sessions, and other meetings.

Throughout the year, more than 200 people may be involved in Committee working groups. Experts in specific areas prepare position papers for the U.S. delegation to use at various FAO meetings. These papers are cleared through the agencies involved.

We noted some problems with the U.S. management of its FAO affairs. Several officials pointed out the need for greater top-level interest and participation within the Department of Agriculture. Officials of the Agriculture and State Departments said that it would be helpful if an Agriculture representative were assigned to the U.S. mission in Rome and that the Departments now have to work out the necessary administrative arrangements.

CHAPTER 2

WORLD FOOD PROGRAM

The World Food Program is not an international organization, but a "program" set up to distribute food aid to developing countries through multilateral channels. Although WFP has the characteristics of a separate organization--an executive director, permanent staff, high-level governing body, and independent funding--it exists only under the auspices of FAO and the United Nations and must be responsive to policy guidance from both.

Established largely at U.S. initiative, WFP began operations in 1963. Parallel resolutions by the U.N. General Assembly and the FAO Conference established the Program's framework based on studies by FAO. WFP was established at a time of huge U.S. grain surpluses and was designed to provide a multilateral mechanism for distributing food to needy countries. The first 3 years of the Program was an experimental period with an overall goal of \$100 million in pledges. Afterward, the Program was to continue "for as long as multilateral food aid is found feasible and desirable" and has since allocated more than \$1.7 billion worth of food assistance.

WFP's basic approach is to provide food as an aid to develop projects. The food is not simply given to a country to use as it pleases, but is specifically earmarked for a project or a target group. The two main categories of WFP projects are (1) food for work projects and (2) projects providing food to vulnerable groups. A typical project under the first category might involve building a road in a rural area for which part of the laborers' wages would be paid in food. The second category includes such things as providing lunches at schools. WFP also donates food in such emergencies as floods or droughts.

WFP FOOD AID FUNDING

By the end of WFP's 3-year experimental period, the U.S. Public Law 480 program had already provided about \$13 billion in food aid throughout the world. The initial WFP pledge goal was about \$33 million a year, and the Program fell slightly short of that target. From this modest beginning, however, WFP has grown into an important multilateral donor, committing \$1.7 billion in aid: (1) 83 percent (\$1.4 billion) for development projects, (2) 13 percent (\$229.9 million) for emergency aid, and (3) 4 percent (\$62.1 million) for administrative expenses.

For its resources WFP relies entirely on donations. At biennial pledging sessions, donor countries specify the level of food or cash they are willing to provide over the succeeding 2 years. The United States had consistently been the largest single donor until 1975-76, when Canada increased its previous pledge more than fourfold to \$189 million. The table below shows the U.S. share of total WFP pledges since 1963.

	<u>Target</u>	<u>Total pledged</u>	<u>U.S. share</u>	
			<u>Amount</u>	<u>Percent</u>
(millions)				
1963-65	\$ 100	\$ 84.5	\$ 43.6	51.5
1966-68	275	187.2	95.9	51.2
1969-70	200	320.0	99.6	31.1
1971-72	300	249.7	125.0	50.0
1973-74	340	360.6	136.0	37.7
1975-76	<u>440</u>	<u>548.6</u>	<u>140.0</u>	25.5
Total	<u>\$1,655</u>	<u>\$1,750.6</u>	<u>\$640.1</u>	

As shown, the amount of the U.S. contribution has steadily increased, but its share of total WFP resources has fallen from around 50 percent to just over 25 percent for the current biennium. For 1977-78, the WFP pledging target is \$750 million.

More than 100 countries have contributed to WFP since its inception. Major donors besides the United States have been Canada, the European Economic Community, the United Kingdom, the Netherlands, and the Scandinavian countries.

PROGRAMING OF WFP RESOURCES

WFP is headed by an Executive Director, who is responsible for its day-to-day administration and operation. The Executive Director, appointed by the FAO Director General and the U.N. Secretary General for a 5-year term, has authority to approve food aid projects involving less than \$1 million. Higher value projects must be approved by the Committee on Food Aid Policies and Programs (CFA) (formerly the Intergovernmental Committee). CFA approves and monitors aid projects; provides overall guidance; and, as directed by the World Food Conference, recommends improvements in food aid policies and programs. It has 30 members, 15 elected by the FAO Council and 15 by the U.N. Economic and Social Council.

WFP has had only two Executive Directors--one from the Netherlands, who went on to become FAO's Director General, and one from El Salvador, whose term expires in 1976. The WFP Deputy Executive Director for the last 4 years has been a U.S. citizen.

U.N. and FAO members are eligible for WFP aid. Countries submit project applications to WFP and, if the projects are approved by the Executive Director or by CFA, a formal project agreement is signed committing WFP to provide specific commodities in certain quantities for the project. WFP then contacts donor countries and arranges shipment of previously pledged commodities. WFP maintains field representatives in almost every country to which it has aid commitments. The field representatives monitor the projects and WFP schedules periodic evaluations. The host government is responsible for actually operating the project and distributing the commodities.

CURRENT ISSUE AREAS

U.S. support

The United States was a major proponent of WFP and, since the Program began in 1963, has pledged more than \$640 million--over 36 percent of the Program's resources--in commodities, shipping services, and cash. In recent years, U.S. pledges have included \$3 million (\$1.5 million annually) for administrative expenses.

WFP's cash reserves have been growing in the past few years and now total more than \$40 million, earning about \$3 million in interest annually. Large new cash donations for the 1975-76 biennium--most notably \$50 million from Saudi Arabia--make the cash position of the Program even more secure. Cash contributions are used mainly to pay administrative costs, estimated at about \$14 million in 1975, and to ship commodities.

The 1975-76 U.S. pledge included \$97 million in commodities, \$40 million in shipping services, and \$3 million in cash. The cost of the shipping services is estimated--the United States agrees to pay the total cost of delivering the commodities it pledges. According to an AID official, the United States made the cash pledge because a U.S. agreement with WFP calls for contributions of commodities and cash. WFP does not consider the \$40 million in shipping services a cash donation, because the United States handles all shipping arrangements and pays the cost directly, not through WFP. If the United States did not

do this, WFP would have to pay cash for this shipping. Only eight countries donated more cash but none of them provided any shipping services.

The pledging session for the 1977-78 biennium was held in February 1976. The United States pledged a total of \$188 million--\$155 million for commodities, \$30 million for shipping services (one-half of the anticipated cost of shipping U.S. commodities), and \$3 million in cash.

Reconstitution of Intergovernmental Committee

The World Food Conference, in its resolution calling for an improved food aid policy, proposed that the Intergovernmental Committee (1) be reconstituted as a Committee on Food Aid Policies and Programs, (2) be enlarged, and (3) be given broad new responsibilities as a policymaking body for all food aid matters. Apparently, developing countries felt that a high-level policy and coordinating mechanism for international food aid was needed and initially proposed an entirely new committee. The United States and other developed countries, however, were able to maintain the committee as the governing body of WFP, but with broader authority to cover food aid policy.

State Department and AID officials described the Intergovernmental Committee as an effective, smoothly functioning group, serving as a good example of cooperation between developed and developing countries and did not want to see that effectiveness damaged by the new, expanded role. Thus, the size of the new CFA was held to 30 members (up from 24) and it is hoped that emphasis will remain on operation of WFP. Nevertheless, CFA could become involved in areas that could detract from this main mission. Some U.S. officials fear increased politicization of CFA because of its larger size and mandate to discuss overall policy. However, a WFP official expressed optimism about the continued effectiveness of CFA.

Increasing emphasis on emergencies and "crisis situations"

Emergency food aid to countries struck by natural disasters has always been part of WFP operations. The FAO Director General has authority to use WFP emergency resources at his own discretion to react quickly in aiding stricken areas. Through 1974, WFP emergency assistance averaged under \$20 million a year. However, emergency funds available to the Director General were raised to

\$55 million in 1975 and set at \$40 million for later years. According to a WFP official, the level was raised because WFP had more resources available and there were more stricken areas needing assistance.

The 1975 U.N. General Assembly Special Session called for food producers to establish a 500,000-ton food reserve for WFP to use in "crisis situations." A WFP official explained that this term encompasses more than emergencies; for example, the formation of new independent countries might result in political crises and economic disruption, with attendant hunger, and WFP could use the new reserve in such situations. So far only two countries have contributed to the reserve, but WFP has not yet approached the large food producers for donations. The officials told us that the United States will of course be a prime target.

As a result of these developments, the Intergovernmental Committee at its last meeting approved the establishment of a new emergency unit within the WFP secretariat. This move encountered some opposition from members who believed it might detract from WFP's focus on development; however, the plan was accepted and about five new positions were authorized.

The increased funding level, emergency reserve, and new headquarters unit all point to an increased emphasis on emergency operations within WFP. Some members, including the United States, cautioned that this buildup of emergency capabilities and operations could detract from WFP's main mission--economic development.

CHAPTER 3

WORLD FOOD COUNCIL

On December 17, 1974, the U.N. General Assembly, on the recommendation of the World Food Conference, established the World Food Council to:

"serve as a co-ordinating mechanism to provide overall, integrated and continuing attention for the successful co-ordinating and followup of policies concerning food production, nutrition, food security, food trade and food aid, as well as other related matters, by all the agencies of the United Nations system. * * *"

The World Food Council is designed to function at the ministerial or plenipotentiary level as an organ of the United Nations reporting to the General Assembly through the Economic and Social Council. The U.N. Secretary General named a former Administrator of the Agency for International Development as Executive Director of the World Food Council. The Council's first two meetings were held in June 1975 and June 1976.

ESTABLISHING THE WORLD FOOD COUNCIL

The issue of institutional followup was a major point of contention at the World Food Conference. Who should be responsible for implementing the proposals and resolutions? How much authority should they have? Should new organizations be created or existing ones expanded? How can the developing countries have more influence in development matters? These and other serious questions arose as the World Food Conference was concluding. One of the most crucial issues was a proposal to establish a "World Food Authority" having broad policy responsibilities and authority over food affairs. Developing countries favored a body that could dictate food policies and programs; developed countries fought this proposal. The World Food Council is the resulting compromise.

The relationship of the Council to FAO is unclear. The Conference resolution called for it to be established "within the framework" of FAO. This vague language was apparently chosen, according to a State Department official, because of the debate over institutional followup. The State Department believes, however, that the Council must not be subservient to FAO. Apparently, some antagonism exists between the Council and FAO. An Agriculture official said that he considers the World Food Council to be a

political body like the U.N. General Assembly, that it never should have been formed, and that it has little prospect of fulfilling a meaningful role. In his opinion, the FAO Council can do everything the World Food Council is supposed to do. However, Department of State and AID officials believe one of the reasons for the World Food Conference and the subsequent creation of the World Food Council was that FAO was not effectively doing what it was established to do.

The World Food Council has a small directorate with headquarters in Rome. The directorate shares the FAO building, receives administrative support from FAO, and borrows four of its seven professional staff members from FAO. The United Nations pays the salaries of the Director and one professional staff member; the World Bank has loaned the seventh member. The United Nations also funds three administrative positions. The role of this small staff is to identify problems and issues and have studies made by other organizations. The staff cannot, because of its size, make its own detailed studies or be an operating group. Instead the secretariat is designed to be a "high-level think group." AID officials feel that such a high-level policy shaping function could play a vital role in improving nutrition and agricultural development.

A World Food Council official spoke in glowing terms about the potential of the Council, but he was pessimistic about its current circumstances and prospects for success.

The Council itself consists of 36 member countries, including the United States, elected by the General Assembly. One advantage of establishing the Council was to get the Soviet Union involved directly in the world food situation, and it is serving as a member. A Soviet citizen also serves on the secretariat although, according to a Council official, he has relatively little agricultural experience.

FIRST MEETING

"The worst meeting of an international organization ever"--that is how a U.S. official described the first meeting of the World Food Council. Everyone we talked to agreed that the meeting was chaotic and a fiasco. A State Department official said that the official report of the meeting was an imaginative piece of fiction because it made it appear that business was conducted and action taken. In reality, the meeting was totally disrupted by squabbling between developing and developed countries, between developing countries and Council staff, and among many developing countries.

Developing countries resented the selection of Americans as Executive Director and Assistant Executive Director, and as Chairman of the Consultative Group on Food Production and Investment (formed at about the same time). The World Food Council staff did a poor job of preparing for and conducting the meeting--the agenda was not firm, documentation was inadequate, and administrative details (such as providing for adequate interpretation facilities) were overlooked. Some disruptive delegates were apparently acting on their own and not on official instructions from their governments.

SECOND MEETING

The Council held its second meeting in June 1976 in Rome. Again the meeting was characterized by indecision and squabbling among participants.

The Council discussed a series of resolutions dealing mostly with (1) increasing food production in developing countries, (2) food aid targets and policies, and (3) an international system of food security.

The discussions were of a general nature and no specific direction was given in the decisions reached by the Council. Instead the issues debated were referred to other bodies and agencies of the United Nations for further deliberation.

The Council therefore seems to be evolving as a forum for discussion rather than an action-oriented body capable of initiating and stimulating actions to improve agricultural development and nutritional levels worldwide. The next meeting of the Council is set for June 1977.

CHAPTER 4

IMPLEMENTATION OF WORLD FOOD

CONFERENCE RESOLUTIONS

In November 1974, delegates from 133 countries and numerous international agencies and organizations convened in Rome for the World Food Conference, which the United Nations

"entrusted with developing ways and means whereby the international community, as a whole, could take specific action to resolve the world food problem within the broader context of development and international economic cooperation."

About a year earlier, the Secretary of State had called upon the United Nations to organize such a conference to discuss ways to maintain adequate food supplies and to concentrate the efforts of all nations meeting the hunger resulting from natural disasters. The Secretary's recommendation was endorsed by the FAO Conference, and in December 1973 the U.N. General Assembly formally adopted a resolution calling for a World Food Conference of U.N. member governments.

The Conference came at a time of worldwide food shortage and economic crisis. Food reserves, which had been abundant since World War II, had almost disappeared. The confrontation between the developed and developing nations had climaxed in the Arab oil embargo. Drought and starvation in the Sahel region were much in the news. The time was ripe for such an event to capitalize on the widespread interest in the food situation and to strive for commitments for specific actions from both developed and developing countries.

The Secretary of Agriculture headed the U.S. delegation to the Conference. The Secretary of State addressed the Conference, calling for the goal, "that within a decade no child will go to bed hungry, that no family will fear for its next day's bread, and that no human being's future and capacities will be stunted by malnutrition."

According to a State Department official, the World Food Conference was largely necessitated by FAO's failure to tackle the food problems. He said FAO has put too much emphasis on social and economic areas and not enough on increasing the food production in developing countries.

The Conference delineated 3 priority areas in the world food situation requiring concentrated efforts, adopted 22 resolutions with over 100 specific proposals for action to improve the prospects for eliminating hunger, and recommended new mechanisms for following up on Conference actions.

The 22 Conference resolutions fell into 3 broad priority areas endorsed by the delegates: (1) increasing food production in the developing countries, (2) increasing the amount and nutrition value of food aid, and (3) establishing food security through a worldwide reserve system. Below is a brief description of the topic of each resolution.

1. Objectives and strategies of food production.
2. Priorities for agricultural and rural development.
3. Fertilizer.
4. Food and agricultural research, extension, and training.
5. Policies and programs to improve nutrition.
6. World soil character and land capability assessment.
7. Scientific water management: irrigation, drainage, and flood control.
8. Food and women.
9. Achievement of a desirable balance between population and food supply.
10. Pesticides.
11. Control of African animal trypanosomiasis.
12. Seed industry development.
13. International fund for agricultural development.
14. Reduction of military expenditures for increasing food production.
15. Food aid to victims of colonial wars in Africa.
16. Global information and early warning system on food and agriculture.

17. International undertaking on world food security.
18. Improved policy for food aid.
19. International trade, stabilization, and agricultural adjustment.
20. Payment of expenses to representatives of national liberation movements.
21. Expression of thanks.
22. Followup actions, calling for the creation of the:
 - World Food Council.
 - Consultative Group for Food Production and Investment.
 - FAO Committee on World Food Security.
 - WFP Committee on Food Aid Policies and Programs to replace the Intergovernmental Committee.

AID has twice reported to the Congress on the implementation of the World Food Conference resolutions since November 1974. Two congressional committees are studying such implementation and the operation of FAO. Numerous articles, speeches, and studies have also focused on the work of the followup mechanisms.

The following sections discuss the various organizations responsible for following up on Conference resolutions and the current status of two major resolutions.

RESPONSIBILITIES OF EXISTING ORGANIZATIONS

FAO's area of responsibility encompasses no fewer than 19 of the resolutions. Its programs cover virtually the entire spectrum of agricultural problems identified by the Conference.

Such agencies as the World Health Organization, UNDP, and the World Bank are involved in nutrition programs and have begun to map out a coordinated approach for integrating nutrition in planning for development. The World Food Conference asked the U.N. Conference on Trade and Development

to inform the World Food Council on the world food trade situation. Negotiations underway at the General Agreement on Tariffs and Trade are aimed at increasing trade liberalization and access to international markets for food products exported by developing countries.

NEW ORGANIZATIONS

World Food Council

The World Food Council was one of the major outgrowths of the World Food Conference. As described by a former Council official, its fundamental purpose is to "generate the political will among nations to do what they have agreed to do with respect to the food problem." Its 36 member nations are to review major problems and policy issues, study actions proposed by the governments and the U.N. system, and recommend remedial action.

International Fund for Agricultural Development

The World Food Council Secretariat is charged with organizing the International Fund for Agricultural Development to augment external resources for agricultural development by \$1 billion. Most of the money would be in the form of grants or soft loans to poor countries or to poor segments in developing countries. The concept is that the Organization of Petroleum Exporting Countries and Organization for Economic Cooperation and Development countries would each subscribe 50 percent of the money and they and recipient countries would be represented equally on the Fund's board of directors.

Some developing countries are pressing to give the Fund authority to make direct loans for development projects instead of channeling them through existing agencies. Such a move, according to the U.S. FAO representative, would make the Fund duplicative of the World Bank.

Potential donors and recipients have held several meetings to decide how the Fund will be organized and operated. The United States has indicated its support of the Fund, proposing a \$200 million donation if other countries donate the other \$800 million.

A U.N. Plenipotentiary Conference on the Establishment of an International Fund for Agricultural Development met from June 10 to 13, 1976, in Rome. The Conference approved the draft Articles of Agreement to establish the Fund. It also recorded pledges of prospective contributions totaling

over \$930 million in convertible currency--\$523 million from Organization for Economic Cooperation and Development countries, \$400 million from Organization of Petroleum Exporting Countries, and \$7 million from various developing countries.

Since the pledges failed to reach a total of \$1 billion the Conference adopted a provision requesting the Secretary General to continue to receive additional and amended pledges and to open the Agreement for signature when pledges reach \$1 billion. This amendment also called for another conference in January 1977 if sufficient pledges are not received by September 30, 1976.

Consultative Group on Food Production and Investment

The Group, with headquarters in the World Bank, has three main functions.

1. To encourage a greater flow of external resources for food production.
2. To improve coordination of multilateral and bilateral aid.
3. To insure more effective use of available resources.

Its first meeting was in July 1975; its second was in February 1976. The Group's primary emphasis is on investments required for seed and fertilizer production and distribution. It has been asked to identify developing countries that have potential for rapid expansion of food production and to estimate the investment requirements.

STATUS OF TWO MAJOR RESOLUTIONS

Two areas that have received considerable emphasis since the World Food Conference illustrate the varying degrees of implementation of the Conference resolutions.

Food reserves

The FAO ad hoc Committee on World Food Security has had little success in approaching the reserve grain stock issue. The United States has taken the lead in proposing a worldwide agreement on food reserves. Most of the work of the U.S. International Food Review Group (special cabinet-level inter-agency committee to coordinate followup actions to the World

Food Conference) 1/ has been devoted to developing a U.S. proposal for such a system. In September 1975, at a meeting of the International Wheat Council, the United States advanced a proposal for a reserve of 30 million tons of wheat and rice to be held by the major grain importing and exporting nations in any way they chose. The International Wheat Council was used as a forum for the discussions because it is a small group that brings together the major wheat producers and consumers and the U.S.S.R. Apparently, the U.S. proposal was received courteously, but the meeting left some difficult issues to be resolved, such as conditions for release or accumulation of stocks, price stabilization, and cost sharing.

FAO, which--through its Committee on World Food Security and its sponsorship of the International Undertaking on World Food Security--has a major interest in the food reserve issue, was not invited to the September meeting. According to a State Department official, FAO originated the idea of a food reserve system.

Global information and early warning system

Accurate information on world food production is considered vital to a timely and coordinated response to changing situations. For more than 8 years, FAO has operated a system for collecting and disseminating such information. This system identified the impending crisis in the Sahel region, but no action was taken until people were actually starving. Because of this, FAO revised its approach. These changes were emphasized by the World Food Conference, and FAO is now operating a system that officials feel is substantially improved. Several nations, especially the Soviet Union and the People's Republic of China, have refused to cooperate with the system, so its coverage is far from complete.

1/In March 1976 the International Food Review Group was reconstituted as the Agriculture Policy Committee.

CHAPTER 5

ORGANIZATIONAL PROLIFERATION AND POLITICIZATION

PROLIFERATION OF ORGANIZATIONS

The World Food Conference proposed several new international food organizations and coordinating activities, an action which appears to be questionable in view of the many international food organizations and activities already in operation, some with broad charters.

Some U.S. and FAO officials are concerned about a tendency of the lesser developed country representatives to try to solve problems by creating new organizations to address the problems rather than attacking the problems directly. An FAO official spoke out vigorously against overlapping and redundant responsibilities among organizations in the international food business, noting that such duplication increases organizational overhead.

Even before the World Food Conference, two or more international bodies often shared areas of responsibility. The new organizations and activities promoted by the Conference are largely intended to coordinate and improve existing activities. According to a State Department official, the Conference took these actions because the delegates believed that existing agencies, such as FAO, had not done enough to alleviate the world food shortage.

At present there seems to be no effective system or authority for international oversight and coordination. Also needed are effective and independent evaluations of programs which could produce information vital to the Congress as it assesses proposed organizations and programs.

POLITICIZATION

The divisive political debates that characterize the U.N. General Assembly are causing more and more concern in the U.N. specialized agencies. The United States has already announced its intention to withdraw from the International Labor Organization because of politicization. U.S. officials told us that FAO and other food organizations are experiencing increasing politicization in their meetings and activities. By politicization, they mean the introduction of issues (such as racism, recognition, and support of liberation movements) that are beyond the scope of the specialized agencies.

The introduction of political issues into the United Nations, FAO, and other specialized agencies cannot be categorized as surprising considering the issues being discussed. However, alarm has been expressed at the trend of politicization and the potential disruptive effect it could have on the work of the international organizations involved.

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Officers

Chairman	Assistant Secretary of Agriculture for International Affairs and Commodity Programs, Department of Agriculture
Vice Chairman	Executive Director, International Organization Affairs, Foreign Agricultural Service, Department of Agriculture

Members--Members and alternates are from the following agencies.

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 Department of Commerce
 Department of Defense
 Department of Health, Education, and Welfare
 Department of Labor
 Office of Management and Budget
 Department of State
 Agency for International Development
 Department of the Treasury

Nongovernmental Advisors

American Farm Bureau Federation
 The National Grange
 National Council of Farmer Cooperatives
 National Farmers Union
 Agricultural Missions, Inc.
 American Home Economics Associations
 National Association of State Universities and Land-Grant Colleges
 National Cannery Association
 National Fisheries Institute
 Society of American Foresters
 American Forestry Association

FAO TRUST FUND RESOURCESAS OF DECEMBER 31, 1974

<u>General trust funds</u>	<u>Trust funds</u>	
	<u>Number</u>	<u>Expenditure in 1974</u>
Government Programmes	233	\$ 6,916,981
Associate Export Schemes	13	8,311,546
Office for Sahelian Relief Operations	32	9,594,948
United Nations Fund for Population Activities	40	1,281,292
International Fertilizer Supply Scheme	1	1,171,722
Unilateral Trust Funds (beneficiary and donor are the same)	23	1,861,485
United Nations Environmental Programme	15	199,864
Others	117	2,408,464
Freedom from Hunger Central Campaign Costs	-	15,652
Freedom from Hunger Campaign/ Action for Development	220	2,987,272
Procurement Accounts	21	1,699,796
United Nations Children's Fund Accounts	15	82,547
UNDP Sub Contracts	64	1,292,008
Joint Programmes with other Agencies	<u>49</u>	<u>2,727,056</u>
Total	<u>843</u>	<u>\$40,550,633</u>

KEY FAO POSITIONS BYNATION OF INCUMBENTAS OF JANUARY 1976

Director-General	Lebanon
Deputy Director-General	United States
Office of Programming and Budget	United Kingdom
Legal Office	Switzerland (acting)
Internal Audit and Inspection	United Kingdom
Economic and Social Policy Department	New Zealand
Agriculture Department	Germany
Fisheries Department	Canada
Forestry Department	Guyana
Development Department	Uruguay
Administration and Finance Department	United Kingdom
Office of General Affairs and Information	France (acting)

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