

**LOCAL AND REGIONAL PROCUREMENT: A CASE STUDY OF MERCY CORPS'
PROGRAMMING IN HAITI, KYRGYZSTAN AND NIGER**



Emily Wei
June 30, 2011
Congressional Hunger Center, Leland International Hunger Fellow
at Mercy Corps

EXECUTIVE SUMMARY

Over the past few decades, one of the most powerful tools to battle hunger has been the provision of food, sourced and shipped from the United States. The US government, however, has begun to fund an alternative approach to sourcing food aid-- Local and Regional Procurement (LRP)—which is the purchase of food aid in the country or region of distribution, or the use of cash and/or vouchers for the purchase of food and/or non-food items that reduce food insecurity among the targeted population.

As budgets become tighter for foreign aid, agencies implementing food assistance programs must do so in a manner that is increasingly efficient and effective. LRP is relatively new in the food aid arena and therefore are still subject to many unknowns. This research was performed to fill some gaps in understanding of LRP, as far as can be learned through Mercy Corps' existing and past programs.

Mercy Corps has implemented eight LRP programs in five countries. Mercy Corps uses all three types of LRP mechanisms (cash, vouchers and distribution) and each of its LRP programs was designed to fit contexts and corresponding needs of the beneficiary communities.

Findings:

TIME: While Title II food aid commodity shipments traditionally take four to six months to reach their destination, LRP is generally found to reach beneficiaries in a shorter amount of time. Among Mercy Corps' LRP programs, the average time for benefits to begin to reach beneficiaries was 49 days, or just over one and a half months.¹

COST: A cost comparison² of completed Mercy Corps' LRP programs and traditional food aid through Title II commodity shipments from the US of the same or comparable basket of goods shows that on average, LRP programs cost 63 percent of Title II programs. This is equivalent to 37 percent cost savings.

EFFECTIVENESS: LRP programs were found to have positive impacts on beneficiaries and vendors who were involved in the programs. Some impacts on beneficiaries include:

- LRP Programs provide greater choice;
- LRP programs are effective for addressing food insecurity;
- LRP programs address issues of food consumption that Title II programs might not;
- LRP programs are effective for psychological well-being of beneficiaries;
- LRP programs are effective for avoiding negative coping mechanisms;
- LRP programs can have multiple add-on effects; and
- LRP is a respectful mechanism for food aid.

Impacts on vendors include:

¹ It is important to keep in mind that even though time efficiency is an important factor for LRP programs, in some instances, emergency food programs are timed to coincide with lean seasons. Therefore, in some programs, distribution could have begun earlier than recorded in the figures above. Looking at the average number of days to procurement might give a more accurate understanding of how quickly LRP can be operationalized in comparison to Title II.

² For Title II, this includes costs for commodities, sea shipping, and inland transportation rates. For the LRP, this includes the costs for commodities, fumigation, handling and inspection (where these costs are available).

- LRP programs are effective for expanding business;
- LRP programs are effective for capacity building;
- LRP programs are effective for aligning vendors with formal systems (national or INGO related)
- LRP programs can integrate local vendors into relief and development activities, for a sense of community benefit;
- LRP programs can have economic recovery effects; and
- LRP programs can also have positive effects on non-participating vendors.

LRP can also lead to development impacts, which are difficult to fully understand unless they are studied for a longer period of time. However, potential impacts of LRP include:

- LRP can work to bring people and businesses into the formal systems; and
- LRP can provide long-term protection against negative coping mechanisms.

One issue of contention is whether LRP fulfills of the “Do No Harm” tenet of development. The study showed:

- LRP has not affected prices to notable degree;
- LRP has not displaced livelihoods; and
- Food safety and quality has been adequately addressed in LRP programs.

Policy recommendations regarding funding include:

1. Advocate for LRP from many funding channels, including existing funds currently used for LRP (from Farm Bill and IDA) and explore others that are less readily tapped (PEPFAR, McGovern Dole).
2. Advocate for more non-emergency LRP funding for lengthier projects, to better understand and achieve potential development impacts.
3. Advocate for more coordination in funding among donors (USAID and USDA).
4. Advocate for continued funding and attention to data collection and market monitoring.

Policy recommendations for implementation include:

1. Advocate for more linkages between emergency and development aspects, for things like cash programs.
2. Advocate for the allowance of more cross-sectoral components in conjunction with LRP programs, much like MYAPs.
3. Advocate for flexibility to allow donors to change program design with changing landscape.
4. Encourage dissemination of lessons learned to local governments who are implementing social safety nets (mobile money, vouchers, etc) where these lessons are widely applicable.
5. Encourage steady and broader data collection to ensure markets are not disrupted through LRP programs.

I. BACKGROUND

Local and regional procurement and the US Government

Over the past few decades, one of the most powerful tools to battle hunger has been the provision of food, sourced and shipped from the United States. The US government, however, has begun to fund an alternative approach to sourcing food aid-- Local and Regional Procurement (LRP)—through USAID and more recently through USDA. Local and Regional Procurement (LRP) is the purchase of food aid in the country or region of distribution, or the use of cash and/or vouchers for the purchase of food and/or non-food items that reduce food insecurity among the targeted population.³

A few channels of funding have allowed for the exploration of such types of programs in the recent past. For example, the Foreign Assistance Act (P.L. 87-195) permits some funds to be used for LRP in response to international disasters, and the FY2009 supplemental appropriation funds LRP through USAID. The FY2010 Foreign Operations appropriation funds international disaster assistance (IDA) that can be used for cash vouchers or transfers for purchasing food, and this also funds the World Food Program (WFP), which has used LRP for many years now. It is also currently implementing its Purchase for Progress (P4P) pilot program which is also looking at more development-focused LRP, linking small holder farmers to the WFP procurement mechanism, and \$20 million of its \$76 million budget is funded by the USG.

Overall, the US Government and Accountability Office (GAO) estimates that about \$200 million worth of LRP emergency food aid has been drawn from the IDA account since 2000. Funds for LRP also come from USAID's Office of Foreign Disaster Assistance (OFDA), the State Department's Bureau for Population, Refugees and Migration, and the President's Emergency Plan for AIDS Relief (PEPFAR). USAID implements LRP programs through both the office of Food for Peace (FFP) and OFDA.. USAID's stated goals of LRP are two-fold: to meet emergency needs, and to make LRP work for local farmers.

USDA recently started implementing LRP through a pilot program, which was authorized in the Food, Conservation, and Energy Act of 2008, or the "Farm Bill." It is a 5-year pilot program, running from FY 2009 to 2013 with a total funding amount of \$60 million, and its stated purpose is to examine the timeliness and efficiency of LRP programs. The main objective of the USDA pilot program is to use LRP to quickly help meet food needs due to food crises and disasters. However, because of the generally longer duration of USDA's programs, it is also looking for more developmental impacts. USDA also has a heavier focus on collection of market data.

LRP Mechanisms: Cash, Vouchers and Procurement/Distribution

There are three basic LRP mechanisms: cash, vouchers, and local/regional procurement and distribution. Cash distributions are direct cash transfers to beneficiaries (either conditional or unconditional) for the purpose of buying food. Cash distributions as an LRP mechanism allow for greater choice on the part of the beneficiary, but less control on the part of the donor to ensure food security outcomes. There is generally more security risk involved with the transfer of cash, and it can skew beneficiary selection more than food.

Vouchers are used to limit beneficiary purchases of certain food commodities, and/or from certain vendors. They can have additional intended effects on vendors by integrating them into the system, formalizing their business activities, or growing their business.

³ USAID Food for Peace APS on LRP.

Last, there is the basic mechanism of purchasing commodities from the country or region where the program is operating for distribution to beneficiaries. This LRP mechanism usually uses an open or limited tender process where suppliers bid on a public call for goods. It also relies more heavily on large suppliers of food commodities, whereas voucher programs can work with many smaller businesses. One risk of this type of LRP is that procurement from large suppliers over the course of the whole program poses a greater risk of default or other market distortions.

Understanding LRP to date

Existing research on LRP finds that depending on the location and situation, LRP can be efficient for programs, as in certain countries, traditional food aid can take an average of four to six months to reach the distribution destination and can also be costly to ship, transport, store and distribute (at times providing benefits to recipients worth only 50 cents on the dollar). As more programs are completed, more cost and time information will be available to understand the increased efficiencies from LRP.

LRP is only appropriate when markets are properly functioning. Therefore Cornell University created the Market Information and Food Insecurity Response Analysis (MIFIRA) framework for implementing agencies to identify the response that best fits a given food insecurity context, and to ensure the choice of LRP will not harm markets through distortions. This is used before an LRP is implemented and helps the agency decide which mechanism of LRP would be most effective.

Monitoring and evaluation of these local and regional markets is also especially important during program implementation, as any disruption in the market through the programs would break the "do no harm" tenet of international development. Therefore Cornell University, along with implementing agencies (including Mercy Corps), are working together under the "Learning Alliance", an activity funded by USDA that streamlines data collection across country and programs, while also providing more in-depth data analysis than is usually performed in monitoring and evaluation by agencies on their own.

Unknowns and questions for LRP

Because LRP is a relatively new approach, information about the effects of such programming mechanisms is quite limited. For one, because traditionally LRP has been implemented only in the context of emergencies, many of the developmental impacts of LRP are not yet known. While USDA is piloting a longer-term use of LRP, implementation of programs is only over a 3 year period, and long-term development impacts are hard to realize in such a short amount of time. Likewise, WFP is piloting its Purchase for Progress (P4P) program that has development aims, but very few results are yet to be shown.

Some other questions and issues that have been raised about LRP from previous studies include:⁴

- Whether standards of food quality and safety can be maintained with locally purchased commodities;
- The problem of vendors defaulting on tenders and the general reliability of suppliers;
- Whether poor infrastructure and logistical capacities will hinder LRP;
- Whether timing and restrictions by donors will inhibit efficacy of LRPs;
- Whether LRP could affect adversely agricultural development and make poor consumers more food insecure; and
- Whether local prices will be affected negatively for either producers or consumers.

Purpose of this study

⁴ Hanrahan, Charles E. Local and Regional Procurement for U.S. International Emergency Food Aid. Congressional Research Service. January 26, 2010.

As budgets become tighter for foreign aid, implementing PVOs must implement development programs in a manner that is efficient and effective. The LRP mechanisms are relatively new in the food aid arena, and therefore still encounter many of the unknowns mentioned above. This research was performed to fill some gaps of understanding of LRP, as far as can be learned through Mercy Corps' existing and past programs.

Mercy Corps' Experience with LRP

Mercy Corps has implemented LRP programs in five countries. The context for each of the food crises is different, and each of the LRP programs was designed to fit those contexts and corresponding needs.

Mercy Corps' LRP programs include:

Program name	Country	LRP mechanism	Donor	Timeframe
Localized Immediate Drought Response (LIDR)*	Niger	Procurement/distribution	USDA	6/2010-9/2011
RESPOND	Niger	Procurement/distribution	OFDA	5/2010-9/2010
Localized Emergency Assistance Response in Niger (LEARN)	Niger	Procurement/distribution and voucher	USAID/FFP	6/2010-12/2010
Kimbe-La (Hang in there)*	Haiti	Voucher/ Mobile money pilot	USAID/FFP	7/2010-6/2011
Emergency Food Assistance (EFA)*	Kyrgyzstan	Cash transfer	USAID/FFP	7/2010-6/2011
LRP of Food Aid for Community- Based Nutrition Intervention to Food Insecure Households	Kyrgyzstan	Procurement/distribution	USAID/OFDA	2/2009-7/2009
Zimbabwe Urban Feeding Program (ZUFP)	Zimbabwe	Procurement/distribution	USAID/OFDA	2/2009-12/2009
Local/Regional Procurement	Tajikistan	Procurement/distribution	USAID/OFDA	9/2009- 4/2009

*These programs were visited, and interviews and focus group discussions were conducted, explained further in the methodology.

Below is a more detailed description of each of these LRP programs.

Haiti: Kimbe-La, or “Hang in there.” targets 20,000 vulnerable households that have taken in the displaced from Port-au-Prince and require assistance to ensure they can meet the basic needs of their expanded households. Beneficiaries are chosen to ensure that the most vulnerable receive assistance, including an initial baseline survey and subsequent community verification. The program distributes vouchers with which people can purchase goods from local vendors. Mercy Corps also piloted an innovative mobile money program in collaboration with the private phone and banking systems, which

not only allows for people to easily transfer funds to the vendors, but also introduces them to a new type of transaction that might be useful in other areas of their lives. Each household is given \$40 per month to buy their choice of the following staple foods: rice, beans, oil and maize. The program in Haiti is also piloting distributions through mobile phones.

Niger: Mercy Corps has had three LRP programs in Niger to respond to food insecurity due to drought, only one of which is ongoing. Among the three programs, Mercy Corps will assist more than 25,000 vulnerable households that are food insecure. Beneficiary households receive direct rations of maize and cowpeas that Mercy Corps procures on local markets and vouchers to purchase cooking oil and salt from their local merchants. Mercy Corps engages in monthly market evaluation to ensure that there is no disruption.

Kyrgyzstan: Mercy Corps has implemented two LRP programs in Kyrgyzstan. The first was in response to severe food insecurity in 2009, due to an energy crisis and crop failures that resulted in a lack of food stores and continued high food prices. Because food was available regionally, Mercy Corps' LRP program procured from local Kyrgyz suppliers and distributed to vulnerable households to ensure food security through the winter months until the next harvest. In total, the LRP program reached 51,000 households.

The second LRP program was implemented soon after the ethnic unrest in June of 2009, which caused displacement and loss of life, assets and businesses, and disrupted the livelihoods of vulnerable populations, creating a humanitarian crisis in southern Kyrgyzstan. Mercy Corps quickly implemented a food aid program through cash transfers, a form of LRP, to ensure that those displaced by the conflict and already facing chronic food insecurity did not go hungry. Because food was still readily available in local markets, Mercy Corps used cash transfers to restore livelihoods, while also sustaining demand for locally-produced foods. The Mercy Corps program allows households to purchase about \$40 worth of wheat flour, beans, vegetable oil, and salt per month. This program will also reach about 50,000 households in total.

Zimbabwe: Mercy Corps began implementing LRP programs in Zimbabwe during the economic and political crisis of 2008, which exacerbated the plight of the urban poor in Zimbabwe who had no access to employment, cash or basic commodities. Through the LRP program, food baskets consisting of maize, beans, salt, oil, peanut butter, and corn-soy blend (CSB) were locally procured and distributed to more than 9,000 of the most vulnerable households.

Tajikistan: In response to a series of economic, environmental and social emergencies in the country, Mercy Corps locally procured and distributed flour, beans and oil to households who were particularly vulnerable, including those with children under 2 years of age, orphans, disabled, elderly, or women-headed households. The program reached a total of 10,500 households.

II. METHODOLOGY

Field Interviews and Focus Group Discussions

This study took place over the course of a year, during which the researcher visited three Mercy Corps country programs, including Haiti, Kyrgyzstan and Niger. The methodology for each of the field visits included in-depth interviews and focus group discussions with beneficiaries, key informant interviews with program staff, and key informant interviews with vendors (where applicable). While the researcher did have a set questionnaire for guidance, because the researcher was able to participate in most of the interviews herself (except in Niger), there was much more room for follow-up and probing questioning to enhance the qualitative findings of the research. The main themes of the questions included the

participant's experience with the program, what they used their cash/vouchers/food for, and their individual preferences for the mechanism by which to receive food aid. The researcher worked closely with country teams to ensure that the beneficiary communities sampled included a variety of characteristics among the group, such as rural and urban, gender and ages, and beneficiaries who met differing criteria. The researcher also performed key informant interviews with in country/region USAID officers and other PVOs that were also implementing LRP or multi-year assistance programs (MYAPS).

Cost Comparison*

The researcher performed a cost comparison using the commodity calculator provided by USAID. The cost comparison includes only the costs of food and transportation to the country. The following costs are included for LRP versus Title II:

Title II

Commodity cost
Shipping rate
Inland transportation

LRP

Commodity cost
Fumigation cost
Inspection cost
Handling cost

*Other costs were not included in the calculations, because they differed depending on the type of program, such as voucher printing costs, mobile phone purchase and distribution, and the distribution of cash through Kompanion.

III. MAIN FINDINGS

A. Time: On average, LRP programs reach beneficiaries in a shorter amount of time than Title II commodities which are shipped from stocks in the United States, or pre-positioned elsewhere. Title II commodities, on average, take about four to six months to reach their destination countries (about 120 to 180 days). Among Mercy Corps' LRP programs, the average time for benefits to begin to reach beneficiaries was 49 days, or just over one and a half months.⁵

B. Cost: A Michigan State University report found that LRP programs in three sub-saharan African countries over five years saved over \$68 million and allowed 75 percent more food to be provided to beneficiaries.⁶ A GAO study found that LRP in sub-Saharan Africa cost around 34 percent less than similar in-kind food aid purchased and shipped from the US to the same countries between 2001 and 2008. However, the same report found that the cost savings are not the same in Latin America.⁷

A cost comparison⁸ of completed Mercy Corps' LRP programs and traditional Title II shipments of the same or comparable basket of goods shows that on average, LRP programs cost 63 percent of Title II programs. This is equivalent to 37 percent cost savings.

⁵ It is important to keep in mind that even though time efficiency is an important factor for LRP programs, in some instances, emergency food programs are timed to coincide with lean seasons. Therefore, in some programs, distribution could have begun earlier than recorded in the figures above. Looking at the average number of days to procurement might give a more accurate understanding of how quickly LRP can be operationalized in comparison to Title II.

⁶ Tschirley, David and Anne Marie del Castillo. Local and Regional Food Aid Procurement: An Assessment of Experience in Africa and Elements of Good Donor Practice. MSU International Development Working Paper No. 91, 2007.

⁷ International Food Assistance: Local and Regional Procurement Can Enhance the Efficiency of U.S. Food Aid, but Challenges May Constrain Its Implementation. Government and Accountability Office, GAO-09-570. May 29, 2009.

⁸ For Title II, this includes costs for commodities, sea shipping, and inland transportation rates. For the LRP, this includes the costs for commodities, fumigation, handling and inspection.

C. Effectiveness: LRP food aid programs can address both emergency and non-emergency needs. While both emergency and non-emergency LRP programs have food security objectives, development oriented LRPs can also have added effects on beneficiaries, vendors and communities, which are explored in this section.

1. Impacts upon Beneficiaries

LRP Programs provide greater choice: LRP programs were not only able to address the primary objectives of food aid programs-- to help vulnerable groups curb food insecurity and to avoid negative coping mechanisms-- they were also found to have add-on effects for beneficiaries, freeing cash and time resources that would have been used to purchase food for other needs, such as health and education. Generally, beneficiaries preferred programing types that gave more choice (cash and vouchers), except in the case of Niger where beneficiaries received a superior food commodity than they could access themselves.

LRP programs are effective for addressing food insecurity: All types of LRP programs were found to address food insecurity in vulnerable households. Where cash was distributed to beneficiaries for food purchase, almost 90% purchased food, despite the freedom that cash provides. This shows that limitations on beneficiaries' choice (through vouchers or food distributions themselves) are not always necessary where targeting is accurate. In Niger, food procured and distributed through the LRP mechanisms came at an important time during the lean season, but also during a time when people who had migrated to Libya and Cote D'Ivoire for work were returning to their home communities due to political unrest in both these countries of immigration. This resulted in greater food security among households that were now able to eat three meals a day, as opposed to only one or two, and improved nutritional status among children.

LRP programs address issues of food consumption: One challenge faced by Title II programs is the extent to which beneficiaries actually eat the food distributed – an essential element for good food utilization. Locally sourced food provided by LRP programs is usually preferred by beneficiaries, and will thus result in greater consumption. Our research showed that commodities which are not preferred by beneficiaries will often be traded, sold or left uneaten, decreasing the intended effects of the program. By ensuring beneficiaries are able to gain access to the foods they traditionally eat, they are more likely to utilize the foods.

LRP programs are effective for psychological well-being: LRP programs, which guarantee households' reliable and regular access to food quickly after the onset of an emergency, creates a sense of psychological well-being that is especially necessary during times of crisis. Beneficiaries from all LRP programs reported a major benefit of the program was the freedom from worrying about where their next meal would come from, especially in cases where household size had increased due to hosting IDPs or migratory returnees. Food distributions in Niger's LIDR program were also found to create a sense of community solidarity and peace, as food was much more readily shared than cash.

LRP programs are effective for avoiding negative coping mechanisms: LRP prevented vulnerable households from resorting to harmful coping mechanisms, such as selling assets, or eating less nutritious famine foods. In Niger, families reported that they did not have to sell their animals when they received food from the LRP program. The LIDR program also prevented young men from migrating to urban areas or other countries for work, because they knew that there will be two seasons of distributions during the lean seasons. Likewise, in Haiti, beneficiary households were able to avoid selling their assets to ensure enough food was available for their increased household size due to IDPs.

LRP programs can have multiple add-on effects: Beneficiaries who received food, cash and vouchers were all able to use the few resources they had at their disposal in various ways. In Haiti, beneficiary families who had small gardens were able to sell part of their produce because their meals were supplemented, and use the income to purchase other food items, small animals, or pay for school fees. In Niger, LRP programs were able to ensure sustained labor and increased production on beneficiaries' land, while without the food distribution, most families resort to the coping mechanism of sending a young male to another country to work. By keeping these young men in the communities, they were able to work on their farms, so that they were able to sustain their livelihoods for the upcoming months.

In Kyrgyzstan, the cash program had the most significant add-on effects because of the targeting mechanism used—beneficiaries included all who had been affected by the conflict, not just those who were the most vulnerable. This made it possible for some who had not been affected as severely to use their cash for things such as market integration and education. There were a few instances where beneficiaries were found to use their cash to start small businesses, which also helped with economic recovery and food security in the local areas. One woman had used her cash to buy some stock for a small stand she started on her driveway, making it possible for her to supply many of her neighbors with food goods that they were too afraid to go into the main market themselves to buy. A few others had used the cash to restock their small shops that were destroyed in the conflict. One woman even used her cash for one payment of her daughter's university fees.

LRP is a respectful mechanism for food aid: Beneficiaries of the cash and voucher programs in Haiti and Kyrgyzstan reported an overwhelming appreciation for the fact that they were shown respect when they were given the chance to purchase things of their own choosing. Additionally the choice of foods used in Niger conveyed respect to beneficiaries.

2. Impact on Vendors

Integrating local vendors into the local and regional procurement mechanism (through vouchers and local procurement) has effects that are both immediate and developmental on these players as well.

LRP programs are effective for expanding business: A majority of participating vendors were able to expand their businesses by participating in the Mercy Corps LRP programs. Some also contributed to the local economy by hiring additional employees to help with the increased business. In Niger, all vendors who were part of the tender program cited that their participation in the LRP program has increased their business by a large margin. A maize supplier was not only able to expand his business two to three times in volume, he also contributed to the local economy by hiring 20-25 people to help him with the process of supplying (stocking and transport) maize and cowpeas to Mercy Corps, whereas before he only had 2-3 employees.

LRP programs are effective for capacity building: By participating in the tendering process of the procurement and distribution mechanism of LRP, vendors are able to build capacity to participate in making bids, contracts, and contract amendment. In Niger, the vendors of maize and cowpeas were relatively large players already in the markets of these commodities. In Haiti, the process brought the small vendors into the formal sector (discussed below) but also required vendors to keep records of stocks and commodities sold to beneficiaries. Some vendors involved in the mobile money portion of the voucher program got the opportunity to learn and use mobile money transactions. When asked, vendors were interested in continuing to work with these new skills developed during the course of the program.

LRP programs are effective for aligning vendors with formal systems (national or INGO related): In the voucher and procurement/distribution mechanisms, LRP was effective in ensuring that vendors aligned themselves with formal national systems, such as registering their business and having the proper documentation, which is an important development effect of the program. For example, in Haiti, vendors

were required to either have licenses (patents) for their businesses or to have acquired one within six months of entering the program. When asked about this process, vendors cited their long-standing intention to get the patent, which the program gave them the impetus to finally obtain. Similarly, in Niger, those vendors submitting tenders for the program were required to have proper documentation for their businesses.

LRP programs can integrate local vendors into relief and development activities, for a sense of community benefit:⁹ While the increase in profits for vendors due to the voucher program in Haiti varied depending on the strategy the business used, especially in light of the drastic and unexpected price fluctuations over the year, vendors cited that they appreciated being included in the program because they felt as though they were playing a part in the reconstruction of their communities and country. They felt they helped those vulnerable households in their communities that were in clear need of assistance. Likewise, in Niger, vendors became a source of information to beneficiaries, and felt as though they were an integral part of the humanitarian assistance being offered to those vulnerable communities.

LRP programs can have economic recovery effects: After emergencies or conflicts, when markets are usually disrupted for some period of time, LRP programs can help markets to recover. In Kyrgyzstan, beneficiaries had been affected to varying degrees, which allowed for some to actually use the cash to fund new small food stands in their neighborhoods. While markets were functional 10 days after the conflict, people's buying patterns changed for fear of going to the main markets dominated by one ethnicity. This new demand for local stores, coupled with the fact that beneficiaries were not all the most vulnerable, made it possible for these new stalls to spring up, and contribute to economic recovery. Similarly, in other cases, beneficiaries that were not as heavily affected by the conflict were able to use the cash to stock small food shops, contributing to economic recovery as well as the food security of their local communities. Cash distributions in this context also made it possible for beneficiaries to pay off debts they had incurred in the immediate aftermath of the conflict.

LRP programs can also have positive effects on non-participating vendors: In Niger, non-participating vendors of food goods actually found benefit from the LRP food distribution. Even though they were not directly involved in the programs, they mentioned that before the food distribution programs, beneficiaries would often buy food on credit for the period of the lean season. Vendors would feel obliged to give food on credit, for a period of three months with no interest, which was a burden on their businesses. With the food distributions, they no longer had the burden of supplying beneficiaries with food, making their businesses less distorted by this large disbursement of credit.

3. Potential development impacts

LRP can work to bring people and businesses into the formal systems: Both beneficiaries and vendors who want to participate in the programs must have some form of formal identification. While this is a controversial aspect of programming, especially after an emergency event where many people have lost such materials, it also gives people an incentive to replace formal documents that have been lost. For development-oriented purposes, this brings people back into formal systems more quickly.

In Niger, where the emergency did not have anything to do with a loss of assets and had slower onset, this criteria was seen as a potential development impact. If Niger establishes a national safety net program, it will also be better equipped to administer it if a majority of individuals have government issued identification.

⁹ This has implications for Title II programs, where those in the local economy might feel displaced due to the tremendous influx of foreign commodities they are able to supply through the existing market. While the research did not expand to source markets of Title II program communities, this is certainly a point of interest that should be further studied

LRP can provide long-term protection against negative coping mechanisms. Food aid programs traditionally have the objective of meeting immediate food needs, but also of preventing vulnerable households from resorting to harmful coping mechanisms to meet those needs. As in the program in Niger, where households expect future distributions of food over the period of 9 months, households are better able to protect their assets, especially animals, which act as savings and safety nets for families. This is another potential long-term, developmental benefit that can be further explored.

4. Do No Harm

LRP has not affected prices to notable degrees: Through a scan of markets in both Haiti and Niger, it is clear that non-participating vendors were not affected by the program, satisfying the “Do No Harm” tenet of the programs, as market disruptions must be a concern of those implementing LRP. Market prices rose in concert with world food prices for all three programs, but these price increases were not identified as being a direct result of the LRP programs. Monitoring and evaluation of market price data in all countries showed there were no large market disruptions due to the LRP programs.

LRP has not displaced livelihoods: Only cursory information was gathered for this issue in Haiti, and showed that there was no major displacement of livelihoods, specifically of individuals who normally sold to the beneficiaries in small amounts at the small markets, or ‘petite marche.’ However, in areas where perhaps the markets for such purchases is not as large, the displacement effects might be larger. Therefore, this must be studied more across all program implementation areas.

Food safety and quality has been adequately addressed in LRP programs: Through both the voucher and local procurement/distribution mechanisms of LRP, commodities were tested for safety and quality. Because of the localized nature of the procurement and distribution program, such as that used in Niger, a quality inspector tested commodities before their distribution. Food was compared to national standards, if extant, or the Codex Alimentarius as adopted by the United Nations. In some instances, food that was found unsuitable for human consumption was either destroyed or used as animal feed, depending on the instruction of the inspectors.

VI. Policy Recommendations

RECOMMENDATIONS REGARDING FUNDING:

1. Advocate for LRP from many funding channels, including existing funds currently used for LRP (from Farm Bill and IDA) and explore others that are less readily tapped (PEPFAR, McGovern Dole). LRP has proven to be a cost-effective, fast, and effective mechanism for food aid to address emergencies and non-emergencies. As LRP becomes more politically salient, it is important to push for increased funds to continue such programs through all funding channels.

2. Advocate for more non-emergency LRP funding for lengthier projects, to better understand and achieve potential development impacts. USDA’s preliminary report on the LRP pilot notes that long-term, development impacts are “more attainable with steady and predictable multi-year local procurements than ... during disasters when procurements occur during one, or at most two production and marketing cycles.” The report continues: “Local and regional procurements are an effective production stimulus for increasing long-term farm income if purchases occur on a multi-year basis. Sustained purchases will lead to an increase in farmer confidence that a reliable external donor ‘market’ exists and that they will be able to sell reasonably favorable prices.”¹⁰ However, the longest USDA-

¹⁰ The use of local and regional procurement in meeting the food needs of those affected by disasters and food crises. Office of Capacity Building and Development, Foreign Agricultural Service, USDA. January 15, 2009. Page 22.

funded LRP program spanned about 15 months, recognized by implementers and USDA itself as hardly enough time to create farmer confidence and subsequent increased and improved productivity on their part. Only by making the procurement/distribution of LRP more long-term will development impact on farmers be realized.

Other non-agricultural development impacts also have great potential, such as emergency coordination bodies and integration into formal systems, to name a few. However, again, unless they are designed as longer-term programs, the benefits will not be recognized by the development community.

3. Advocate for more coordination in funding among donors (USAID and USDA).

Funding should be coordinated cross-agency so that programs addressing emergencies and development can be complementary. This can also address recommendation 2 above, where USDA funds non-emergency LRP whereas USAID generally only funds emergency LRPs. With more coordination, programs can possibly link with each other to see longer-lasting development effects.

4. Advocate for continued funding and attention to data collection and market monitoring.

Funding focused towards monitoring of markets is especially important as LRP funding grows, and LRP is used in longer-term settings.

RECOMMENDATIONS FOR IMPLEMENTATION:

1. Advocate for more linkages between emergency and development aspects, for things like cash programs. The Roundtable on Responding to Emergency Food Insecurity through Cash Transfer and Food Voucher Interventions, held by USAID to better understand the use of cash and vouchers as emergency responses to food insecurity, recommended the linking of emergency cash transfers to social protection programs, or other longer-term development initiatives. Such linkages should also be explored for other types of emergency LRP, as LRP has the potential to have longer-term development impacts.

2. Advocate for the allowance of more cross-sectoral components in conjunction with LRP programs, much like MYAPs. For LRPs that are non-emergency and development-oriented, being able to include cross-sectoral components will likely make them more effective. Much like the approach that multi-year assistance programs (MYAPs) take, LRP's inclusion of multiple components can increase their effects, such as including business development for vendors in a voucher program.

3. Advocate for flexibility to allow donors to change program design with changing landscape. Food price volatility over the past few years have greatly affected LRPs, especially decreasing the buying power of beneficiaries in cash and voucher LRP programs. In light on this, it is important to ensure that implementing agencies have the flexibility to increase cash or voucher amounts, or maybe even change their LRP mechanism. It is also important that agencies have the right tools for knowing when and how to do this type of changeover (ie EMMA, MIFIRA, etc).

4. Encourage dissemination of lessons learned to local governments who are implementing social safety nets (mobile money, vouchers, etc) where these lessons learned are widely applicable. This will ensure that large-scale programs can benefit from the experiences of implementing agencies, and be more effective for the benefit of their populations.

5. Encourage steady and broader data collection to ensure markets are not disrupted through LRP programs. Many agencies already collect data through existing national statistics offices and FEWSNET where they are available, but such partnerships and alliances (such as the Learning Alliance) should be more readily tapped. Also, increasing data collection capacity will ensure that impacts along the entire value chain can be documented. For example, the WFP P4P program only looks as far back to the

suppliers, but does not look at the growers to see whether there is increased supply due to increased demand by LRP.