

RESPONSE TO WORKING PAPER BY DR. WILLIAM EASTERLY AND TOBIAS PFUTZE

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The recently published Brookings Global working paper, "Where does the Money Go? Best and Worst Practices in Foreign Aid," by William Easterly and Tobias Pfutze, perpetuates several misconceptions about the UN in general and the World Food Programme (WFP) in particular. We welcome the opportunity to set the record straight.

The paper is based on flawed methodology and replete with factual inaccuracies – resulting in a ranking system that is misleading and unjustified. A notable example: under the “Overhead Costs” section, the authors stated that they could not find the number of employees at WFP, but somehow managed to calculate the value/amount of aid distributed per employee at about \$30,000 – which they described as the lowest amount among the 48 aid agencies assessed. In fact, with an average number of 10,000 employees and a budget of \$2.9 billion in 2007, that figure would have been about \$290,000 per employee. In the same vein, although the authors rank WFP worst in the “overhead” category, the agency is widely recognized as having the lowest administrative budget in the UN system (7 percent).

The paper charges WFP with a lack of transparency, when much of the information the authors said they could not find was readily available on the website, in the annual report or other public documents. In fact, all of WFP’s programs are extensively and transparently detailed, and WFP’s Executive Board is presented with detailed operational plans for all our major projects - often down to the village level.

The study penalizes WFP for working with corrupt governments - but WFP does not decide where to provide assistance; it goes where the hungry are, as endorsed by its donors. Neither money nor food moves through the government, but directly to the people in countries that range from Myanmar to Sudan. Moreover, WFP’s mandate obliges it to work amid the worst and frequently, most dangerous, situations to prevent famine and hunger – often putting our frontline staff at tremendous risk.

Likewise, in the section on “fragmentation,” which measures the degree to which aid is split among multiple donors and/or countries, the assumption is that having many donors and many operations impedes specialization and efficiency. WFP, working in 78 countries this year and receiving funding from more than 60 countries, fares badly by this standard, and yet our mandate obliges us to meet the urgent call of hunger whenever – and wherever - systems fail. Again, this demonstrates that it is not feasible in many of these categories to compare bilateral agencies that make the decisions on where to fund, with the multilateral agencies that carry out those decisions.

From the outset, this paper demonstrates a serious lack of understanding about WFP – as well as an outdated notion of food assistance. The authors say that food aid is “essentially a way for high-income countries to dump their excess agricultural production on markets in low-income countries,” suggesting that the food provided can “almost always be purchased much cheaper locally”.

The facts:

- There is no surplus food to dump anymore. Less than 2% of what WFP gets in contributions qualifies as surplus. The world consumes more than it produces;
- Half of the WFP’s contributions now come in cash. The other half is food that is purchased on the open market to be delivered to areas of greatest need;

- The authors are right to suggest purchasing locally when possible, and that is exactly what the agency does. Last year, WFP spent 80 percent of its cash in the developing world, spending \$612 million dollars buying food from 69 developing countries, often in the same country where it was needed.

Moreover, WFP's tool box for meeting hunger in the face of high food and fuel prices, increasingly erratic weather, and rising demand is more nuanced. Two weeks ago, the agency's board approved a strategic plan that encapsulates how the organization's focus has moved beyond simply providing food to *facilitating access to food*. The plan emphasizes prevention, local purchase, social safety nets and targeted cash and voucher programs. In Myanmar, for example, WFP distributed US \$0.50 per day to people so they could purchase food in the markets where it was available - but beyond the means of the many whose livelihoods and assets were wiped out by the storm.

WFP has been moving "beyond the role of providing food, to facilitating access to food for some years now," Marc Cohen, Research Fellow at the US-based International Food Policy Research Institute said in a recently published article. "The global situation reaffirms the fact that the WFP was and is headed in the right direction."

The authors of the report admit that they lack much of the data necessary to produce a meaningful comparison of aid agencies. They claim to be presenting their results as "an illustrative exercise to move the aid discussion forward." WFP welcomes this intention, but believes a more scientific and complete study than this one is needed if Dr. Easterly is to be a player in that discussion.

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