

# Domestic Support Rules to Promote Food Security, Climate Action, and Healthier Diets.

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Christophe Bellmann, Head of Policy Analysis  
and Strategy, TESS

**TESS** Forum on Trade,  
Environment,  
& the SDGs



# Food and nutrition security: support people not commodities

Where the objective is to promote food and nutrition security, increasing the purchasing power of poor consumers is a superior instrument :

- Allows to targets vulnerable segment of the populations (e.g. elderly, women with young children);
- If carefully designed, can contribute to improving calorific intakes and delivering more balanced and healthier diets;
- Stimulate local or regional economy;
- Encourage imports when domestic supply is not available.

# Ensuring food and nutrition security in times of high prices

## Pros and cons of different policy instruments

| Instrument                                                            | Pros                                                                  | Cons                                                                                                                                                                |
|-----------------------------------------------------------------------|-----------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Price control<br>(e.g. putting a cap on price levels)                 | Direct effect, immediately visible                                    | <ul style="list-style-type: none"><li>• Disincentives domestic production</li><li>• Not targeted</li><li>• Difficult to undo at a later date</li></ul>              |
| Production support<br>(e.g. price support, input or output subsidies) | Encourages investment                                                 | <ul style="list-style-type: none"><li>• Slow response to high prices</li><li>• Untargeted</li></ul>                                                                 |
| Import encouragement<br>(e.g. reducing trade barriers to imports)     | Rapid and effective in relieving shortages if trade barriers are high | <ul style="list-style-type: none"><li>• Untargeted, tends to benefit urban consumers</li><li>• May contribute to increasing price spikes on world markets</li></ul> |
| Stock release                                                         | Rapid and effective                                                   | <ul style="list-style-type: none"><li>• High cost of maintaining stocks</li><li>• Release decision politically difficult</li></ul>                                  |

# Possible approaches to consumer subsidies

- Food distribution by the government to the population:
  - E.g. Indian Public Distribution System:
    - Provides subsidized food grains – mostly rice and wheat -to more than 800 million (2/3 of total population);
    - Covers more than 500,000 fair-price shops across the country which act as a control on the prices charged by private retailers ;
    - 7% of the central government’s annual budget,
- Food stamps, or vouchers that can be used for the purchase of food without the need to build or use a public distribution system:
  - E.g. US Supplemental Nutrition Assistance Program (SNAP) (Food stamps programme):
    - 41.9 million people in 22.2 million households (12.5% of the total population);
    - Include any food with the exception of hot food, pet food, tobacco products and alcoholic beverages;
    - \$119.4 billion spent on SNAP in 2022.

# Food distribution experiences in developing countries: a focus on healthy and nutritious food

## Brazilian National School Feeding Programme (PNAE)

- 44 million students per year, across 5,568 municipalities.
- Access to adequate and healthy food (including low carbon meals) during 200 school days to cover at least 15% of the student's daily nutritional needs.
- Guidelines for elaborating menus, conforming with nutritional references, feeding habits, culture, and food traditions in each place.
- At least 30% of the purchase of food should be from family farmers.
- Over 1 billion USD per year transferred to states and municipalities.

# Food stamps programmes in developing countries

Lessons from experiences in Sri Lanka, Jamaica, Mexico, Colombia, Trinidad and Tobago, Chile, Honduras since the 1970s’:

- Critical importance of targeting the beneficiaries:
  - Based on income levels or indicators (e.g. housing quality) (Sri Lanka, Mexico);
  - Based on population categories (e.g. elderly, women with young children, families with primary school aged children) (Colombia, Venezuela, Honduras).
- Important administrative burden to prevent gross abuse, leakage or ensure that intended consumers are aware of the programme.
- Denomination of the stamps in nominal terms often eroded by inflation.
- Limited financial resources and insufficient targeting tend to prevent the government from raising the value of the stamps along with inflation.

# External supports for consumer subsidy programmes

## Towards a global food stamps programme?

- Early proposal by the World Food Council in 1980 for an International Food Entitlement Scheme (IFES):
  - Included technical assistance in the development, administration, monitoring and assessment of needs.
- Elaborated in a 2011 proposal by Tim Josling.
- World Food Programme increasingly considers cash and voucher transfers in the area of nutrition and hunger-alleviation programmes.
- An idea worth exploring further?

# Possible features of a global food stamps programme

| Key Features   |                                                                                                                                                                                                             |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Objective      | Contribute to food and nutrition security by transferring purchasing power to vulnerable groups of consumers.                                                                                               |
| Target Groups  | Elderly, poor, pregnant women and families with young and school-aged children.                                                                                                                             |
| Method         | Distribution of cash cards that can be used for the purchase of foods. Cards linked to individual accounts.                                                                                                 |
| Administration | Electronic transfer of credit monthly to these accounts. Existing commercial and public distributional channels used.                                                                                       |
| Finance        | Payments through subscription from national governments in developed and emerging countries. Scale of payments could be linked to production or export status of donor countries and level of world prices. |
| Effectiveness  | Monitoring of participation, food consumption, leakage to non-eligible groups.                                                                                                                              |
| Accountability | Recipient country would give accounts of payments and disbursements.                                                                                                                                        |



# Thank you!

[christophe.bellmann@graduateinstitute.ch](mailto:christophe.bellmann@graduateinstitute.ch)



[tessforum.org](https://tessforum.org)



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