

THE WHITE HOUSE

WASHINGTON

January 3, 1985

~~CONFIDENTIAL~~
~~UNCLASSIFIED~~NATIONAL SECURITY DECISION
DIRECTIVE NUMBER 156U.S. THIRD WORLD FOOD AID:
A "FOOD FOR PROGRESS" PROGRAM (U)

NSSD 1-84 established the terms of reference for a study aimed at producing new, effective initiatives to address Third World hunger problems; that is, both emergency situations and long-term problems, and how U.S. and donor country food aid programs affect these cases. The NSSD 1-84 study of emergency food aid was completed in July 1984 and resulted in a ten-point program to better respond to grave food crises, as articulated in NSDD 143. Today's food emergency reemphasizes the need to tackle the underlying structural problems of agricultural stagnation in the Third World. (U)

The study of non-emergency food aid has focused on how U.S. food aid could be used as an incentive for Third World countries to increase their food production through agricultural reform, noting that an adequate agricultural sector is a prerequisite for development in Third World countries. This study has considered the economic and political conditions in many Third World countries experiencing chronic food shortages. (U)

Socialist economic systems, prevalent in underdeveloped countries, have failed to achieve economic growth. As a result of this, and insufficient aid by the USSR, an increasing number of Third World countries once dominated by the socialist model are experimenting with free market approaches. (C)

There are currently two major programs designed to support economic and agricultural policy changes in Africa:

- o The African Economic Policy Initiative, a 5-year, \$500 million program intended to support economic reform in Africa. First-year funding of \$75 million was provided by the Congress in the Economic Support Fund in 1985. (U)
- o Title III of the P.L. 480 food aid program, which has thus far not generated meaningful agricultural policy reform in Africa. (U)

In response to this policy context, the United States Government will begin a new foreign aid initiative to be called

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"Food for Progress." This initiative will use American food resources to support key Third World countries which have made commitments to agricultural policy change in four basic areas:

- agricultural price policy;
- marketing reform and liberalization;
- input supply and distribution policy; and
- private sector involvement. ~~(S)~~

American resources will support the implementation of policy changes over a medium-term transition period in Third World countries -- initially those in Sub-Saharan Africa. This judicious use of aid -- on a multi-year basis -- will reduce the political risks to leaders of Third World countries committed to undertaking agricultural reform during a transition period of economic hardship. This initiative will be designed to increase the USG's ability to vary annual food deliveries in accordance with the changing needs and performance of recipient countries. ~~(S)~~

The "Food for Progress" initiative's initial duration will be 4 years. The program's composition will be up to 500,000 metric tons of grain per year to be dispersed to six to eight Sub-Saharan African countries in the first year of the program. Country selection criteria will be based, in part, on the decision analysis methodology developed by the NSSD 1-84 study group. This methodology will also be used to help determine those policy changes within a country to which "Food for Progress" will be targeted as an instrument for change.

~~(S)~~

In contrast with other existing aid programs with comprehensive and multiple objectives, this initiative will have as its sole objective the achievement of agricultural policy reform in Third World countries. "Food for Progress" may benefit from co-financing with the World Bank and other financial institutions. (U)

The NSC staff will chair, and OPD will vice-chair, an inter-agency group with representatives from State, Treasury, USDA, DOT, OMB, CIA, CEA, AID, the Peace Corps, and the White House Congressional Affairs Office to further define the "Food for Progress" initiative and to develop an appropriate implementation plan for this initiative. (U)

Priority consideration will be given to implementing this initiative within current programs and budgets. Prompt and positive Congressional action, however, is to be considered a significant concern in preparing the final implementation action -- which may include changes in existing laws and authorities or new legislation. Implementation of "Food for Progress" through use of a Section 416 mechanism or as part of

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the PL 480 program will be considered by the interagency group. (U)

This interagency group will also consider and report on the following related subjects:

- Certification of the NSSD 1-84 working group's country eligibility criteria and resource response analysis for recipient countries, or appropriate options.
- Administrative and programmatic details with regard to "Food for Progress." (U)

The interagency group should forward the implementation plan, with options as appropriate, to the Assistant to the President for National Security Affairs 20 working days from the date of this memorandum, noting agency and Congressional views. This implementation plan will be decided upon through the NSC and budget process. (U)