
Power to the People

Why it's the poor -- not the experts -- who can best solve the food crisis.

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Every non-governmental organization has a mission statement. For example, CARE, one of the world's largest and best-funded NGOs, explains its mission as serving "individuals and families in the poorest communities in the world. Drawing strength from our global diversity, resources and experience, we promote innovative solutions and are advocates for global responsibility." Indeed, CARE has teams of experts with years of experience in more than 70 countries, and its efforts to tackle the "underlying causes of poverty" are impressive. Implicit in its mission statement, like those of most NGOs, is the notion that CARE is exceptionally knowledgeable about how to meet the needs of the world's poor. But does it know best?

Take one of the most confounding global problems today: the skyrocketing cost of food. Prices for staple crops such as rice and wheat have more than doubled since 2006, putting an enormous strain on the 1.2 billion people living on a dollar a day or less. In 2004, a typical poor farmer in Udaipur, India, was already spending more than half his daily dollar of income on food — and that was before grain prices went through the roof.

NGOs and relief agencies are on the front lines of this global crisis, distributing food and other forms of assistance to the hardest-hit victims. But food handouts may be the last thing that poor countries need right now. In many of the worst-stricken places, agriculture is the top employer. High food prices are offering a rare opportunity for farmers in these countries to make a tidy profit. Dumping imported food on the market will cut into many farmers' incomes and thus might do more harm than good. Low-wage work programs could help people avoid hunger, but they might also take farmers away from their fields just when farming is becoming lucrative.

Priorities, moreover, vary from person to person and from place to place. A West African farmer might choose to forgo next season's seeds and fertilizer to put food on the table today. A garbage collector in Jakarta might sacrifice trips to the doctor to keep from going hungry. Mexican parents might keep their kids home from school as the cost of education gets priced out of the family budget. Aid agencies can't always predict what the poor value most.

The first step in truly addressing the food crisis, therefore, is abandoning the idea that the donor knows best. Instead of more advice or another bag of rice, the poor should be given relief vouchers. The basic premise is simple: Give poor people a choice about what type of assistance they receive. Vouchers, backed by major donor countries, could be distributed to needy recipients in the areas hardest hit by the food crisis. The recipients could then redeem the vouchers in exchange for approved goods (such as food or fertilizer) or services (such as healthcare or job training). Relief vouchers would allow families to meet their most pressing needs without harming the very markets that can bring about permanent solutions. At the same time, they would give firms and NGOs an incentive to provide a wider array of services.

Relief vouchers could also save NGOs millions of dollars that victims never see. Figuring out what people need is hard enough during a natural disaster, when a helicopter flyover can reveal the physical damage. But the effects of the food crisis are much harder to diagnose. Each NGO must conduct household surveys, hire experts, meet with local government officials and foreign donors, and then write grant applications and raise funds before it can ever help its first victim. Meanwhile, monitoring these efforts eats up precious resources. With vouchers, agencies would simply follow the invisible hand of the market — in this case, the market for relief.

Relief vouchers would solve another problem: accountability. Most NGOs today answer only to the donors who fund their operations, not to their actual clients — the poor. Most major donors do their utmost to make sure their money is spent as promised. But even donors whose hearts are in the right place cannot anticipate the exact needs of so many different communities. With no mechanism for the poor to communicate their priorities, nonprofits and their donors are only accountable to themselves. A system of relief vouchers would change that.

Such a radical shift in accountability will have major ramifications. The development world is littered with projects that keep getting funded long after they are no longer useful. Under a voucher system, if an NGO delivered a product that no one needed, or failed to deliver what it promised, beneficiaries would stop coming to it for relief. This is why nonprofits working for vouchers wouldn't have to waste funds on expensive evaluations. After all, Pepsi does not have to prove whether its soda makes its customers better off. Products that people aren't willing to buy typically don't survive long. It is time to expose the nonprofit sector to the same market feedback.

If that scares some NGOs, it shouldn't. Too often, they must cater to the whims of donors when they would prefer to serve those in need. Without financial support, they would never be able to conduct their important work. But if a significant share of NGOs' financing came through voucher redemption, they would be able to focus their attention on the poor without worrying as much about pleasing large foundations and government agencies, which often have their own agendas.

Vouchers, of course, aren't a silver bullet. Corruption and fraud will be a concern. Moreover, some needs are best delivered at the community level, such as clean water, or at the national level, such as public-health campaigns. And in countries with well-developed national safety nets, such as South Africa, there may be no need to bypass functioning institutions by introducing vouchers. In some cases, relief vouchers would be impractical. Aid workers are fortunate if they can even reach those in need in a failed state like Somalia or a dictatorship like Burma.

Voucher schemes have already shown promise. Catholic Relief Services pioneered their use in 2000 by setting up "seed fairs" for farmers. In Ethiopia in 2004, the organization successfully introduced livestock vouchers for sheep, goats, and even veterinary services. The Red Cross distributed vouchers to vulnerable families in the West Bank in 2002 and 2003; the program was only discontinued for political reasons. Governments have long used other types of vouchers on larger scales: for schools, in many developing countries, and in the form of food stamps in the United States. Vouchers, in short, can work — and it's time to extend their logic to a much wider array of problems. It's time to give the poor the power of choice.