

U.S. INTERNATIONAL FOOD ASSISTANCE
REPORT 1998

United States Agency for International Development

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THIS REPORT MAY BE ORDERED FROM
USAID DEVELOPMENT EXPERIENCE CLEARINGHOUSE (DEC)
1611 NORTH KENT STREET
SUITE 200
ARLINGTON, VA 22209-2111
TELEPHONE: (703) 351-4006
FAX: (703) 351-4039
E-MAIL: docorder@dec.cdie.org

THIS REPORT HAS BEEN PREPARED BY THE
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT,
BUREAU FOR HUMANITARIAN RESPONSE,
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LIST OF ACRONYMS

BHR.....	Bureau for Humanitarian Response (USAID)
CCC.....	Commodity Credit Corporation
CDIE.....	Center for Development Information and Evaluation (USAID)
CFW.....	Cash-for-Work
CIDA.....	Canadian International Development Agency
CRS.....	Congressional Research Service
CS.....	Cooperating Sponsor
DA.....	Development Assistance (funds)
DAP.....	Development Activity Proposal
ERS.....	Economic Research Service (USDA)
EU.....	European Union
FAC.....	Food Aid Convention
FACG.....	Food Aid Consultative Group
FAS.....	Foreign Agricultural Service (USDA)
FAO.....	Food and Agriculture Organization of the United Nations
FFE.....	Food-for-Education
FFP.....	Office of Food for Peace (in the USAID/BHR Bureau)
FFPr.....	Food for Progress Program (Food Security Act, 1985)
FFW.....	Food-for-Work
FTF.....	Farmer-to-Farmer Program of P.L. 480
FY.....	Fiscal Year
GHAJ.....	Greater Horn of Africa Initiative
GTG.....	Government-to-Government
ICRC.....	International Committee of the Red Cross
IDP.....	Internally Displaced Person
IEFR.....	International Emergency Food Reserve
IFPRI.....	International Food Policy Research Institute
IGAD.....	Inter-Governmental Authority on Development
IO.....	International organization
IR.....	Intermediate Result
ISA.....	Institutional Strengthening Assistance Grant
ISG.....	Institutional Strengthening Grant
LAC.....	Latin America and Caribbean Bureau (USAID)
LDC.....	Least developed country
LIFDC.....	Low-income food-deficit country
M&E.....	Monitoring and evaluation
MOU.....	Memorandum of Understanding
MT.....	Metric ton(s)
NIS.....	Newly Independent States of the Former Soviet Union
NGO.....	Non-Governmental Organization
OFDA.....	Office of Foreign Disaster Assistance (USAID)
PAA.....	Previously Approved Activity (Title II)
P.L. 480.....	U.S. Public Law 480
PRO.....	Protracted Relief Operation
PVO.....	Private voluntary organization
R4.....	USAID's Results Report and Resources Request
Section 202(e).....	P.L. 480-authorized financial support for Title II activities
UMR.....	Usual Marketing Requirements
UNHCR.....	United Nations High Commissioner for Refugees
UNICEF.....	United Nations Children's Fund
USAID.....	United States Agency for International Development
USDA.....	United States Department of Agriculture
WFP.....	United Nations World Food Program

LIST OF PARTNER ORGANIZATIONS

ACDI/VOCA	Agricultural Cooperative Development International/ Volunteers in Overseas Cooperative Assistance
ADRA	Adventist Development and Relief Agency
AFRICARE.....	Africare
AG.FOUND.....	Agricultural Foundation
AGUDATH.....	Agudath Israel of America, Inc.
AIA.....	American International Association of the Hematologists of the World for Children, Inc.
AKF.....	Aga Khan Foundation
ARC.....	American National Red Cross
ATG.....	Armenian Technology Group
CARE.....	Cooperative for Assistance and Relief Everywhere, Inc.
CARITAS/Bolivia	Caritas Bolivia
CARITAS/Peru	Caritas Peru
CFI.....	COUNTERPART International, Inc.
CHAMAH.....	Chamah
CNFA	The Citizens Network for Foreign Affairs
CRM.....	Christian Rescue Mission
CRS.....	Catholic Relief Services – USCC
CWS.....	Church World Service
DOULOS.....	Doulos Community, Inc.
DPPC.....	Disaster Prevention and Preparedness Commission/Ethiopia
EOC.....	Ethiopian Orthodox Church
FAR	Fund for Armenian Relief
FFTP.....	Food for the Poor, Inc.
FHI.....	Food for the Hungry, Inc.
FTC.....	Feed the Children
GJARN.....	Global Jewish Assistance Relief Network
IOCC.....	International Orthodox Christian Charities
IRC.....	International Rescue Committee
IPHD.....	International Partnership for Human Development
LEA	Lishkas Ezras Achim
MCI.....	Mercy Corps International
NCBA/CLUSA.....	National Cooperative Business Association
NPA	Norwegian Peoples' Aid
OICI.....	Opportunities Industrialization Centers International, Inc.
PAS.....	Project Aid Siberia
PCI.....	Project Concern International
PRISMA	Projects in Agriculture, Rural Industry, Science & Medicine, Inc./Peru
PROJECT AID	Project Aid
REST.....	Relief Society of Tigray (Ethiopia)
RFCP/CBI.....	Russian Farm Community Project, Inc./Cooperative Business International
SALESIANS (SSI).....	Salesian Missions
SAWSO	The Salvation Army World Service Office
SCF/U.S.....	Save the Children Federation, Inc.
SHARE.....	World SHARE
TECHSRV.....	TechnoServe
UMCOR.....	United Methodist Committee on Relief
WFP.....	World Food Program
WINROCK/WI.....	Winrock International Institute for Agricultural Development
WVI.....	World Vision, Inc.

Preface

This report provides an overview of United States (U.S.) Government food assistance activities through Public Law 480 (P.L. 480) and related statutes during FY 1998. The United States Agency for International Development (USAID), which administers P.L. 480's Title II and Title III programs, is responsible for the bulk of U.S. food aid assets. The U.S. Department of Agriculture (USDA) administers Section 416 (b), Title I and Food for Progress (FFPr) programs. Despite budgetary constraints, the United States (U.S.) remains the world's major provider of food assistance. Moreover, given the legal framework of the Government Performance and Results Act, we are committed to continually looking at ways to improve food aid programs: planning strategically, relating budgets to a performance plan, evaluating and compiling accomplishments, and reporting to the public.

Chapter I, "The Challenge: Global Hunger and Food Insecurity," focuses on the more than 800 million people today who are chronically undernourished including over 180 million underweight children. It analyzes the growing need for food aid resources in the face of limited global availability and the rising requirements for emergency food aid. The growing mismatch between food aid supply and demand emphasizes the need for more focussed geographical targeting of food assistance and directed use of food aid in programs which have as their goals and objectives sustainable development leading to the alleviation of food insecurity.

Chapter II, "The Response: Targeted Food Aid for Greater Food Security," reviews the programs and activities through which the U.S. Government provides food assistance to respond to emergencies and help food insecure populations reach the point where they can feed themselves. Country-specific examples illustrate strategies. The U.S. follow-up to the World Food Summit, coordination with other donors and other related initiatives are also discussed.

Chapter III, "Highlights: The Program in Numbers," provides an overview of the U.S. FY 1998 international food aid program in terms of resources allocated to each program component, as illustrated by graphs and figures.

Chapter IV, "Accomplishments 1998," reports on improvements in food aid management by USAID and USDA, as well as progress on Title II program performance indicators that demonstrate people-level impact and improvements in technical capacity for managing and implementing food assistance programs -- through the efforts of USAID's Food for Peace, USAID Missions and cooperating sponsors. Improvements in program design and documentation through compliance with USAID's environmental Regulation 216, improved management of commodity monetization, increased nutritional benefit to food aid recipients through vitamin A fortification of vegetable oil, and a completed series of impact evaluations are also discussed.

Chapter V, "U.S. International Food Assistance: Impact on the U.S. Economy," explores the direct and indirect ways in which Americans benefit from both the spending to purchase, process, package and ship food assistance commodities and from the increased trade that comes from the economic development that non-emergency food assistance supports.

As we go to press. . .

HURRICANE MITCH: FOOD AID RESPONSE

During the week of October 26, 1998, Hurricane Mitch, one of the strongest and most damaging storms ever to hit the Caribbean and Central America, swept across Honduras, Nicaragua, El Salvador, Guatemala, Belize and Costa Rica. The loss of life and devastation to property from the torrential rains, floods and landslides is tremendous. Effects of the natural disaster were intensified by man-made factors. Large-scale deforestation and cultivation of marginal land induced by population pressure made land intensified mudslides. Flooding was exacerbated by lack of adequate watershed management. The rural poor, with limited access to land, often live in marginal, high-risk areas, and thus bore the brunt of the effects of the disaster.

In the aftermath of Hurricane Mitch, Honduras and Nicaragua are experiencing a tragedy of profound proportion. Guatemala also sustained significant damage. According to the United Nations Office for the Coordination of Humanitarian Affairs, the loss of life and damage to infrastructure, agricultural, commercial and industrial assets has virtually wiped out the development gains of the last 20 years in some areas of the region. Although the extent of the damage has still not been fully assessed, preliminary estimates for the region indicate:

- Over 10,000 people dead, 9,000 missing, and 12,000 injured;
- Loss of housing, health facilities and schools estimated at \$1.34 billion;
- Damage to water, sanitation and energy infrastructure, roads, bridges and railways estimated at \$1.04 billion;
- Loss of productive assets in agricultural, manufacturing and service sectors estimated at \$2.91 billion.

The United States acted quickly and substantively to respond to the tremendous need among our southern neighbors for food and shelter in the short term, as they begin the process of rebuilding their communities.

USAID FOOD ASSISTANCE RESPONSE

On October 28, USAID redirected 10,432 metric tons of Title II food available in the region for emergency response – enough to feed 750,000 people for 30 days. On November 3, USAID announced a \$20 million emergency food aid package to Honduras (\$10 million), Nicaragua (\$7 million), and Guatemala (\$3 million). USAID, in tandem with USDA, initiated procurement of nearly 20,000 metric tons of rice, beans, cooking oil and corn/soya mix for children – enough to feed 1 million people for 30 days. On November 7, USAID-initiated food aid airlifts began arriving in Honduras, Nicaragua and Guatemala. By mid-November, USAID had airlifted close to 3,000 metric tons of food to these three countries.

At the end of calendar year 1998, the USAID emergency food aid response package in the region had been increased to \$52 million. Honduras is receiving \$34 million, which will aid 800,000 vulnerable people through the summer of 1999. In Nicaragua, USAID is providing \$12 million in food aid, sufficient for 300,000 vulnerable people for six months. Guatemala is receiving \$5 million in USAID Title II food – enough to assist 60,000 of Guatemala's food-vulnerable population for six months. Moreover, USAID has also committed \$1 million for the World Food Program's El Salvador appeal.

USDA RESPONSE

As of mid-December 1998, USDA has announced donations of 60,000 tons of wheat each to Honduras and Nicaragua and 30,000 tons of wheat each to El Salvador and Guatemala. The wheat will be donated under the authority of Section 416 (b) of the Agricultural Act of 1949. USDA wheat donations for Hurricane Mitch relief total 180,000 tons, valued at \$27 million including commodity and transportation costs. An additional 50,000 tons of corn, valued at \$6 million will be donated under Section 416(b) to the four countries. Central American governments will use proceeds from monetization of both the wheat and corn for post-hurricane reconstruction efforts.

Moreover, USDA is donating an additional \$20 million worth of corn, beans and soybean meal to Nicaragua and Honduras under the Food for Progress program. El Salvador and Guatemala will each receive \$10 million of worth of various commodities under the P.L. 480 Title I program.

EXECUTIVE SUMMARY

United States international food assistance channels the abundance of American agricultural productivity to help those in need around the world. There are several mechanisms for international food assistance, the primary one being the Agricultural Trade Development and Assistance Act of 1954, also known as Public Law 480 (P.L. 480). In re-authorizing P.L. 480 legislation through the Federal Agricultural Improvement and Reform Act (FAIR), commonly referred to as the 1996 Farm Bill, Congress reaffirmed the principal intent of US international food assistance programs to:

- Combat world hunger and malnutrition and their causes;
- Promote broad-based, equitable and sustainable development, including agricultural development;
- Expand international trade;
- Develop and expand export markets for U.S. agricultural commodities; and
- Foster and encourage the development of private enterprise and democratic participation in developing countries.

In Fiscal Year (FY) 1998, the United States provided 3.5 million metric tons, valued at \$1.22 billion, to 67 developing and re-industrializing countries, reaching millions of people. While international food assistance alleviates human suffering in emergency situations and promotes sustainable development necessary for food security in the long term, it also has a positive impact on the U.S. economy. The U.S. economy benefits directly because commodities used in food assistance programs are produced by American farmers, and processed and packaged by American enterprises. The commodities are then transported by U.S. rail or motor transport to U.S. ports to be shipped generally on U.S. flag vessels to recipient countries. Indirectly, millions of Americans benefit when international food assistance promotes the development that helps aid recipients become commercial importers of American commodities.

FY 1998 saw an increase in need for international food assistance. Floods and droughts attributable to weather fluctuations related to the El Niño and La Niña weather phenomena reduced domestic supplies in Asia, Latin America and Southern Africa. The international financial crisis, most severe in Asia, also affected developing nations in Africa and Latin America. Devaluation of local currencies left some countries unable to purchase food imports necessary for adequate consumption. In countries such as Indonesia, the financial crisis compounded the impact of a food emergency initially related to weather patterns. Finally, food emergencies from conflict or post-conflict repercussions continued to demand a large portion of food assistance resources.

The United States Agency for International Development (USAID) directly manages the bulk of U.S. P.L. 480 international food assistance. Title II Food for Peace (FFP) activities, valued at almost \$889 million, moved a total of 1.92 million metric tons and assisted more than 43 million beneficiaries in 54 countries in 1998. Title II funding included support to the Farmer-to-Farmer (FTF) program – technical assistance by U.S. volunteers to developing countries and emerging democracies in agriculture and agribusiness. USAID also manages P.L. 480 Title III programs – bilateral grant food assistance tied to policy reforms. In FY 1998, four of the most seriously food insecure countries in the world—Eritrea, Ethiopia, Mozambique and Haiti—received a total of \$29.9 million. These countries were also selected, in part, because of their capacity to use the assistance effectively and their commitment to long term policies to promote food security. USDA-administered Title I and Food for Progress programs together provided over \$289 million in resources (1.5 million metric tons) in FY 1998. Moreover, on July 18th, a Presidential Initiative to provide 2.5 million MT of wheat and wheat products to meet urgent humanitarian need under Section 416 (b) authorities of the Agricultural Act of 1949 was announced. This instrument would prove exceedingly important in permitting the United States Government to respond to a number of unfavorable food supply situations in the latter half of 1998 caused by adverse weather and economic difficulties in Asia, and hurricane devastation in Central America and the Caribbean.

During FY 1998, USAID and USDA, the administering agencies for U.S. international food assistance, both made significant improvements in program management. USAID-administered Title II emergency and non-emergency operations have begun to report on the development-oriented food security objectives and performance indicators established in 1996. Improvements in monitoring show the impact of targeting assistance towards the most food insecure and disadvantaged population groups. The FFP emergency team has taken steps to improve program planning, the approval process, pre-positioning of quantities of selected commodities and food aid delivery mechanisms so as to reduce delays and “food aid pipeline” bottlenecks.

The USDA Food for Progress team was awarded Vice President Gore’s Hammer Award for Reinventing Government for significant improvements in review and approval processes. Standardized formats for advance requests and final reimbursements and a Division-wide advance spreadsheet facilitate the approval process, tracking and reporting. Overall administrative costs for the Food for Progress program were reduced by nearly \$1 million between 1997 and 1998, and the average time for advance approval was reduced from 41 business days to 7 business days. The agreement-signing process for USDA-administered Title I was also improved during FY 1998 allowing purchases and deliveries to be spread out over the year. This has kept costs down and reduced costly delays in delivery of Title I commodities.

All Title II development (non-emergency) food assistance projects submitted documentation in FY 1998 regarding the potential environmental impact of all FY 1999 proposed activities. These submissions bring Title II development activities into compliance with USAID environmental standards -- as described in Part 216 of Title 22, Code of Federal Regulations. To facilitate this compliance, a comprehensive manual and field-guide were prepared and six workshops organized with private voluntary organizations and other partners that implement Title II activities.

Additional accomplishments in FY 1998 are noted herewith. A policy and procedures manual was completed on the monetization of commodities to support Title II activities. It was decided that all packaged vegetable oil used in P.L. 480 Title II programs will be fortified with Vitamin A. Vitamin A fortification will help reduce the incidence of childhood blindness and increase resistance to infection in developing countries. USAID's Center for Development Information and Evaluation (CDIE) completed an examination of the role of U.S. food aid in contributing to sustainable development. CDIE published six impact evaluations--five based on fieldwork in Bangladesh, Ethiopia, Ghana, Honduras and Indonesia, and a sixth desk study on Africa's Sahel region. A synopsis of these studies entitled *U.S. Food Aid and Sustainable Development: Forty Years of Experience* offers insight into the role of U.S. international food assistance in sustainable development and recommendations for the effective use of food assistance to promote long term global food security.

“Food insecurity is not going to go away without American leadership... Now is the time to stay the course that has served us so well – constructive engagement to make the world more prosperous and food secure.”

USAID Administrator J. Brian Atwood, 1997

INTRODUCTION

“We pledge our political will and our common and national commitment to achieving food security for all and to an ongoing effort to eradicate hunger in all countries, with an immediate view to reducing the number of malnourished people to half their present level no later than 2015.”

Rome Declaration, World Food Summit, 1996

FOOD ASSISTANCE FOR GLOBAL FOOD SECURITY

Public Law 480 (P.L. 480) was enacted in 1954 as the U.S. government’s primary food assistance legislation. While earlier legislation allowed for agricultural surpluses to be donated to voluntary agencies for relief work, these surpluses were not consistently available. P.L. 480 ensured a steady supply of food to agencies for longer-term projects. The Federal Agriculture Improvement and Reform Act of 1996, commonly referred to as the “1996 Farm Bill” re-authorized and amended P.L. 480. This food aid legislation states:

It is the policy of the United States to use its abundant agricultural productivity to promote the foreign policy of the United States by enhancing the food security of the developing world through the use of agricultural commodities and local currencies accruing under this Act to—

- 1. Combat world hunger and malnutrition and their causes;*
- 2. Promote broad-based, equitable, and sustainable development, including agricultural development;*
- 3. Expand international trade;*
- 4. Develop and expand export markets for United States agricultural commodities; and*
- 5. Foster and encourage the development of private enterprise and democratic participation in developing countries.*

The U.S. international food assistance programs have historically served as a mechanism for channeling American agricultural surpluses to those in need around the world. Our policy on food assistance reflects our concern for the less fortunate, while recognizing that such concern can be most effectively expressed by maintaining U.S. strength and global leadership, particularly in the

Three other U.S. Food Aid Authorities are available to support international food assistance:

Food for Progress Act of 1985

Food Security Commodity Reserve Act of 1996 which provides up to 4 million MT for urgent humanitarian assistance.

Section 416 (b) of the Agricultural Act of 1949.

Title II, Section 416(b) and Food for Progress food assistance activities are implemented by Cooperating Sponsors (CS):

- The World Food Program (WFP);
- U.S. private voluntary organizations (PVOs);
- Cooperative development organizations (CDOs);
- Non-governmental organizations (NGOs); and
- Government-to-Government Title II emergency assistance .

Title I, Title III, and some Section 416 (b) and Food for Progress assistance programs are conducted by recipient governments.

agriculture sector. The agricultural abundance of American farms will continue to represent an important resource for emergency relief to the needy around the world. Moreover, U.S. food assistance policy directed at the promotion of long-term food security will yield mutual benefit for both aid recipients and American citizens, as food aid-supported development activities open up new possibilities for expanding U.S. agricultural and manufacturing markets.

DEFINING FOOD SECURITY

The 1990 Farm Bill first identified the concept of food security as an objective of U.S. food assistance programs. In the Bill, food security was defined simply as “access by all people at all times to sufficient food to meet their dietary needs for a productive and healthy life.” The USAID *Food Aid and Food Security Policy Paper* (USAID, 1995) and the *U.S. Position Paper for the World Food Summit* (November 1996) further expanded and refined the definition of food security to encompass the three dimensions of *access, availability* and *utilization* of food for all. Through the World Food Summit, this definition has been accepted by most nations.

Addressing global food security is essential to U.S. strategic interests as it promotes political and economic stability beyond its humanitarian goals. U.S. international food assistance continues to play an important role in achieving global food security. Providing adequate food for sustenance in times of crisis is necessary and will remain a key task of food assistance programs. Food relief is not, however, sufficient to achieve global food security. For long-term food security, a more comprehensive, developmental and targeted food assistance strategy, which promotes the social and economic conditions that enable individuals to gain access to food, either by producing it themselves or earning income to buy it, is required.

The food security concept now serves as a planning tool and framework for the conceptualization and design of U.S. international food assistance activities and for measuring their “people-level” impact. Moreover, this framework encompasses project management, monitoring and evaluation objectives and tracks institutional strengthening needs. In short, U.S. international food

“Food security exists when all peoples at all times have physical and economic access to sufficient food to meet their dietary needs for a productive and healthy life. Food security has three dimensions:

AVAILABILITY of sufficient quantities of food of appropriate quality, supplied through domestic production or imports;

ACCESS by households and individuals to adequate resources to acquire appropriate foods for a nutritious diet;

UTILIZATION of food through adequate diet, water, sanitation, and health care.”

(Source: *The U.S. Position Paper Prepared for the World Food Summit*, July 1996)

Declaration of the World Food Summit (Rome 1996)

Seven Commitments to Food Security:

1. Create a peaceful enabling environment with full and equal participation of women and men to ensure food security & poverty eradication;
2. Reduce poverty & facilitate access to food;
3. Adopt sustainable policies for agriculture, forestry & rural development;
4. Facilitate trade, a key element in food security;
5. Improve forecasting and early response to prevent & resolve food security emergencies;
6. Promote optimal allocation and use of public & private investment for human resource development;
7. Implement, monitor & follow up the Summit's Plan of Action at all levels.

assistance will continue to meet acute emergency needs in accordance with commitments of the World Food Summit's Plan of Action, while helping food insecure populations reach the point where they can feed themselves.

FOOD SECURITY AND NUTRITION

Linking food aid to food security and nutrition is critical. Malnutrition, an indicator of food insecurity, is a consequence of inadequate dietary intake and the lack of sanitation, clean drinking water and health services that can lead to increased instance and severity of disease. The access, availability and utilization of food adequate for proper nutrition are often compromised by social, political, economic and cultural elements. Of the nearly 12 million children under five who die each year in developing countries, 55% of the deaths are attributable to malnutrition (UNICEF, *State of the World's Children*, 1998). Because malnutrition can lead to intellectual and physical dysfunction and vulnerability to disease, it robs developing countries of potential productivity. By some estimates, the disability and loss of life associated with vitamin and mineral deficiencies reduce the gross national product of developing countries by 5%.

Food assistance particularly targets young children, as children are the some of the most vulnerable to effects of inadequate nutrition. However, malnutrition can start before birth. In Asia, where half of all children are underweight, 60% of women of childbearing age are underweight. In Southeast Asia, 45% of childbearing age women are underweight; in Sub-Saharan Africa, the proportion of underweight women is 20%. Interventions that target pregnant and lactating women support stronger children and stronger children grow into stronger, more productive adults. (UNICEF, *State of the World's Children*, 1998)

Whatever the misconceptions, the dimensions of the malnutrition crisis are clear. It is a crisis, first and foremost, about death and disability of children on a vast scale, about women who become maternal mortality statistics partly because of nutritional deficiencies and about social and economic costs that strangle development and snuff out hope.

--UNICEF, *The State of the World's Children*, 1998

I. THE CHALLENGE: GLOBAL HUNGER AND FOOD INSECURITY

A. POVERTY AND OTHER CAUSES OF FOOD INSECURITY

Chronic poverty, i.e., the persistent lack of economic opportunity either to produce adequate amounts of food or to exchange labor for the income needed to purchase food in adequate amounts, is the chief cause of food insecurity. Among the factors that contribute to poverty in the developing world are low agricultural productivity, high rates of population growth, civil conflict, weak infrastructure, environmental degradation, inappropriate economic and environment policies, unequal distribution of assets such as land, limited availability of arable land, lack of credit, inadequate personal security, low levels of education and poor health status. Chronic poverty traps families in a cycle of food insecurity, vulnerability and dependency.

At the national level, food may not be sufficiently available due to inadequate agricultural production and/or insufficient imports of foodstuffs. Civil unrest or inadequate infrastructure can disrupt or prevent the development of distribution networks even when food is available within a country or region. Finally, social conditions and cultural norms often prevent adequate access to and/or utilization of food, especially by women. Appropriate agricultural and trade policy, investment in rural infrastructure, adequate health care, sanitation and education all contribute to better nutrition and long-term food security.

GLOBAL FOOD SUPPLY AND DEMAND

While enough food is currently being produced to feed the world's population, expert opinion differs concerning future international agricultural production and global food supply. The International Food Policy Research Institute (IFPRI) predicts that continued advances in agricultural production relative to population growth will lead to a 7% increase in the per capita availability of food between 1993 and 2020. The World Bank and FAO agree that there will be gains in production and no global shortfall of food. Real prices will remain constant and food imports by developing countries will increase.

Other analysts predict increasing constraints on world agricultural production. At the same time, they see increased incomes and urbanization leading to changing dietary patterns. Increased consumption of meat and milk in China, for example, necessitates considerably more feed grain. Increased Chinese grain imports can destabilize international markets; some predict that grain prices will rise and less food will be available to poorer countries (Kane and Brown: 1994,1995).

Even if overall supply is adequate for the world's population, it does not presently meet demand. Uneven distribution ensures that hunger and food insecurity persist. Demand for food is influenced by a number of factors. During the next several decades, population growth will be a significant factor determining overall and regional demand for food. Despite projections of slowed population growth rates, the UN estimates world population will be over 8.5 billion by 2025. Over 95% of the increase will take place in developing countries. The absolute increase in population will be greatest in Asia, while the relative increase will be greatest in Sub-Saharan Africa, where the population is expected to double by 2020 (IFPRI, *The World Food Situation*, 1997).

At current rates, global demand for food will almost double in 30 years

If current trends in population growth, urbanization and income continue, global demand for food will almost double in 30 years. Growth in demand for food will, like population growth, be concentrated in developing countries. Given projected growth rates, the largest percentage increase in demand for food will be in Sub-Saharan Africa

Projected trends that will influence global supply and demand for food:

- **The world population will double over the next 40 years, reaching approximately 7 billion persons by 2010 and 8.5 billion by 2025;**
- **Global per capita income will continue to rise; and**
- **Rural-to-urban migration and urbanization will continue at current rates.**

REGIONAL VARIATIONS IN FOOD INSECURITY

Approximately 828 million people are chronically undernourished in the world. After declining steadily during the 1970s and 1980s, the number of chronically hungry people in the world has increased since the early 1990s according to the findings of FAO's *The State of Food and Agriculture 1998*. While no region is immune to hunger, the vast majority of these people live in 87 low-income food-deficit countries (LIFDCs), as defined by the Food and Agricultural Organization (FAO). These countries cannot produce enough food to feed their populations and often lack the financial resources to import the amount necessary for adequate consumption. Almost half of these LIFDCs are in Africa. Most of the rest are in Asia and Latin America,

but some Eastern European states making the transition from centrally planned to market economies also fit into the LIFDC bracket.

SEEKING AN ACCURATE MEASURE OF CHRONIC UNDERNOURISHMENT

Current measures of chronic undernourishment, such as that used by FAO for the *Sixth World Food Survey*, use estimates based mainly on the availability of food in countries on the national level. These estimates do not adequately reflect the importance of access to food as a component of food security. Limited access to food is most often a function of poverty. IFPRI advocates a food security indicator that utilizes available household and national-level socio-economic data to more accurately reflect the poverty that limits people's access to food. (Smith, *IFPRI Discussion Paper 44*, 1998)

This recommendation resonates with the work done by the Professor Amartya Sen, the winner of the 1998 Nobel Prize in Economics. Professor Sen's empirical studies highlighted inadequate income levels to access food as a cause of famine. Smith, like Professor Sen, notes that countries with high rates of malnutrition often have enough food available at the national level, and may even export food.

According to the UN's Food and Agriculture Organization (FAO) the percentage of the malnourished people in the world is estimated to have declined slightly from 20% in 1990-92 to 19% in 1994-96. While global percentages may demonstrate improvements in overall food security, the situation remains unfavorable in a number of geographic regions. In Sub-Saharan Africa, both the absolute and relative numbers of chronically undernourished people are increasing. In South Asia, while the prevalence of chronic hunger has remained stable, the absolute number of undernourished continues to increase. Moreover, the large concentration of population in the greater Asia region means that over 2/3 of the world's undernourished live in this region (FAO, *The State of Food and Agriculture*, 1998).

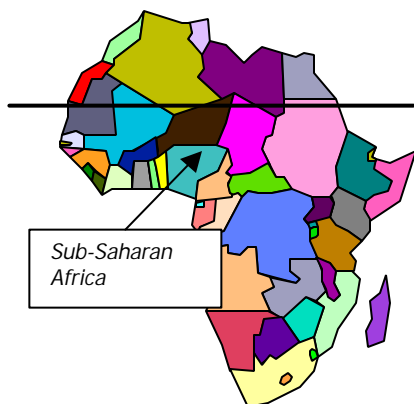
The two regions of Sub-Saharan Africa and South Asia are of particular concern. These regions will, for the foreseeable future, remain food insecure and will require food aid resources, even in the absence of further natural disasters and other complex emergencies to which they are prone.

There are 87 Low-Income Food-Deficit Countries (LIFDCs) in the World:

<i>South & East Asia</i>	<i>21</i>
<i>Latin America & The Caribbean</i>	<i>9</i>
<i>North Africa & Middle East</i>	<i>6</i>
<i>Sub-Saharan Africa</i>	<i>41</i>
<i>Europe & NIS</i>	<i>10</i>

The United Nations defines LIFDCs as "all countries which are net importers of basic food-stuffs with per capita GNP not exceeding the level set by the World Bank to determine eligibility for soft loan (IDA- International Development Association) assistance.

(Source: Food and Agriculture Organization, 1997)



Sub-Saharan Africa Sub-Saharan Africa is the geographic region with the highest proportion of chronically undernourished populations. The number of undernourished is expected to increase by 50% over the next 20 years. If present trends continue, USDA estimates that two-thirds of the region's population will be undernourished by 2007.

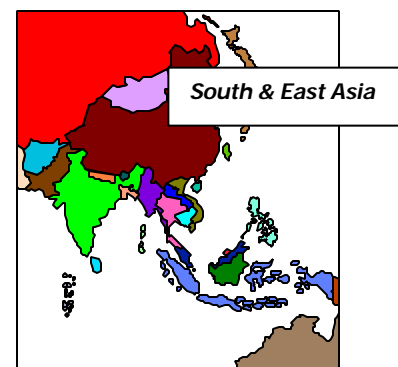
The principal causes of food insecurity in this region are low levels of agricultural productivity and low average per capita real GDP. In addition, civil strife in many countries has disrupted food production and distribution networks. There has been a major increase in the number of African countries with positive economic growth rates since the early 1990s. Nevertheless, the food import bill of many countries continues to divert resources away from investments in long term development. This is even more the case for those countries whose growth continues to be slow or stagnant.

In Sub Saharan African, 210 million people, or 39%, of the population are chronically undernourished.
(FAO, 1998)

South and East Asia. Economic growth and agricultural innovations in the last 20 years have helped reduce the prevalence of undernutrition in the region. Despite these gains, there are still over half a billion chronically undernourished people in Asia. By 2007, nearly 30% of the region's population will still not be able to meet their nutritional needs (USDA, 1997).

With increased agricultural productivity from Green Revolution innovations, the principal causes of food insecurity are not always related to the inadequate availability of food. Factors that contribute to high levels of food insecurity in South Asia are

- Inequitable income distribution with profound poverty among the rural landless and other vulnerable groups;
- Illiteracy and the low social status of women, which constrains their access to food and their ability to secure food for their children; and
- High population density and inadequate water and sanitation infrastructure exacerbate health problems that prevent proper nutrition.



In East and Southeast Asia, 258 million people, or 15% of the population, are undernourished.

In South Asia, 254 million people, or 21% of the population, are undernourished.

(FAO, 1998)

B. THE CONSTRAINTS FACING FOOD AID

FOOD AID NEEDS AND AVAILABILITY

**WORLD FOOD AID
DELIVERIES, 1997 ALL
DONORS:**

Sub-Saharan Africa:
2.3 million tons

South & East Asia:
2.3 million tons

**North Africa &
Middle East:**
0.5 million tons

**Latin America &
The Caribbean:**
0.6 million tons

Europe & NIS:
0.8 million tons

WORLD TOTAL:
6.5 million tons

(Source: World Food
Program *The Food Aid
Monitor*, May 1998)

The U.S. Department of Agriculture (USDA) recently examined the long-term prospects for global food aid needs and the future availability of food aid, especially the need for food grains over the period 1996-2005 in 60 low-income, traditionally food-importing countries. The report concluded that, even with optimistic projections for agricultural production and income growth in developing countries, estimated need for (cereal-based) food assistance will nearly double over the next decade. Total food aid to maintain consumption and to meet emergency needs, about 15 million tons in 1996, will increase to 27 million tons by 2005 (*USDA/ERS, October, 1995*).

INCREASED EMERGENCY FOOD AID REQUIREMENTS

Many of the food emergencies afflicting countries during 1998 were attributable to weather abnormalities associated with the El Niño and La Niña weather phenomena. Latin America experienced abnormally dry weather during the first cereal season. Countries of the Sahel and Southern Africa also had poor harvests due to severe weather. In Asia, Bangladesh, Nepal and North Korea were inundated by floods, while Indonesia experienced prolonged drought that exacerbated the impact of the financial crisis in that country.

Civil strife and post-conflict repercussions continued to place a burden on food security in many countries. Conflicts have disrupted food production and distribution in Sudan, Democratic Republic of Congo, Guinea-Bissau and the Kosovo region of Yugoslavia. Countries in Africa's Great Lakes region are still struggling to resettle and reintegrate refugees and internally displaced populations. While the number of armed conflicts worldwide decreased in the last couple of years, the number of refugees and displaced persons has remained high.

Overall, both natural and man-made emergencies continued to place a strain on global food aid resources during 1998. It is noted that emergency assistance presently accounts for more than 50 percent of all UN aid.

The number of
countries facing food
emergencies
increased to 40 in
1998:

- 21 are in Africa
- 8 are in Asia
- 5 are in Eastern Europe/NIS
- 6 are in Latin America

(FAO, *Food Outlook
Monitor*, Sept. 1998)

World Food Program used 78% of its food aid resources for emergency relief and protracted feeding of refugees and other displaced persons in FY 1998, leaving only 22% of their resources for development activities. This contrasts with the 1980s, when WFP was able to commit 2/3 of its resources to development efforts (WFP, *Resources and Appeals*, 1998).

WFP estimated total food aid requirements through the end of 1998 and into 1999, driven largely by emergencies, have gone up by almost 55% compared to the same period last year. Food aid needs have increased dramatically in Bangladesh, Indonesia and Democratic People's Republic of Korea. The vast devastation caused by Hurricane Mitch necessitate increased aid for Central America, in particular Honduras and Nicaragua. The NIS countries of the former Soviet Union could require increased assistance due to the combination of economic stagnation and environmental emergencies (FAO, *Food Outlook, No. 5*, Nov. 1998).

In the ten years from 1986 to 1996, U.S. Government food aid levels fell from 8.3 million tons annually to 3 million tons, even as emergency food needs were increasing dramatically.

(Source: U.S. Discussion Paper on International Food Security, October 16, 1997)

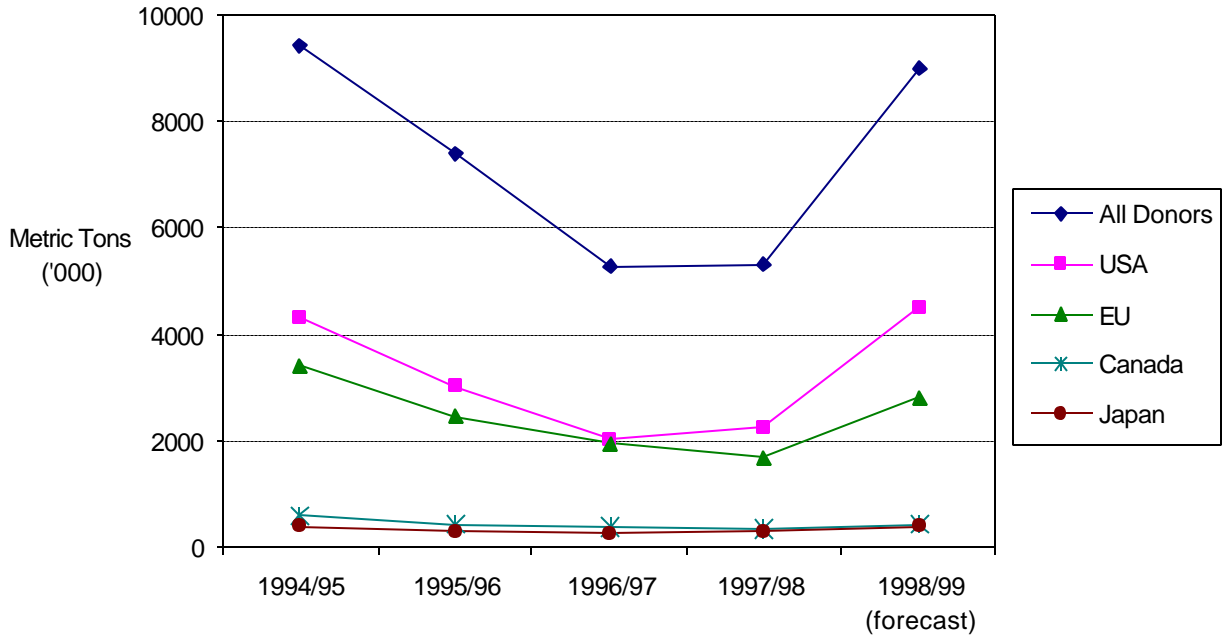
AVAILABILITY OF FOOD AID

The Food Aid Convention (FAC) is the legal instrument for ensuring a minimum flow of cereals as food aid. Donors are currently reconsidering the structure and commitment levels of FAC so as to make it a more effective mechanism for managing global food aid flows. Possible reform of FAC would expand the list of participating donors and allow other contributions besides grain or cash equivalent donations. A renegotiated convention is expected by July 1999 (International Grains Council *Press Release*, June 1998).

Actual global food assistance contributions in 1997/98 fell to 5.4 million metric tons (MT) compared with 5.7 million MT in 1996/97. Shipments in 1997/98 were significantly lower than 1993 record commitments, which exceeded 16 million MT.

Forecasts, however, indicate a healthy increase in global food aid contributions for 1998/99. FAO anticipates 9 million tons of cereal donations from all donors. Low international grain prices and abundant supplies in both the U.S. and Europe will lead to increased contributions from the U.S. and the E.U.

**Food Aid Contribution by Major Donors
Trends 1994/95 - 1998/99**

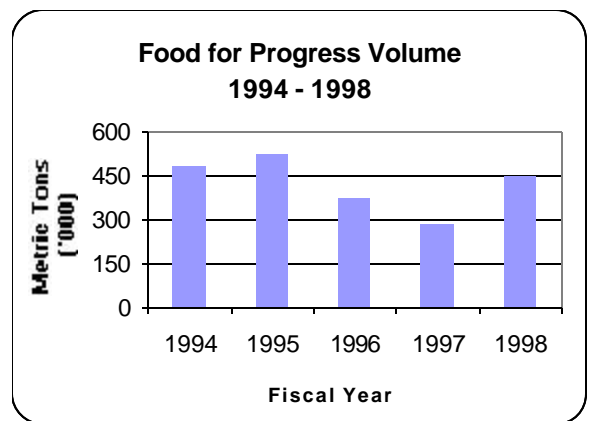
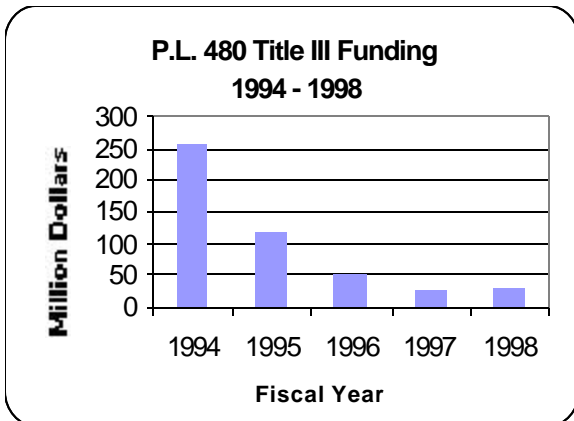
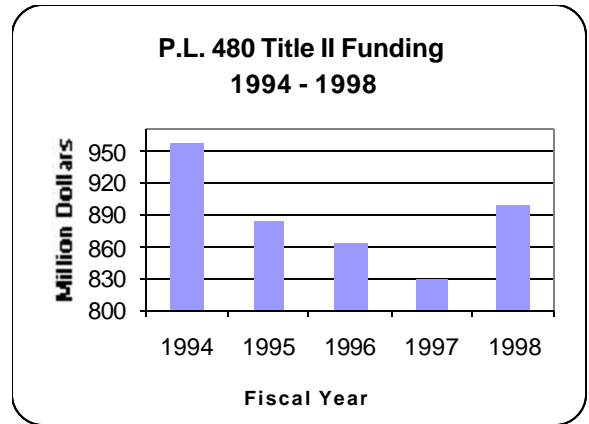
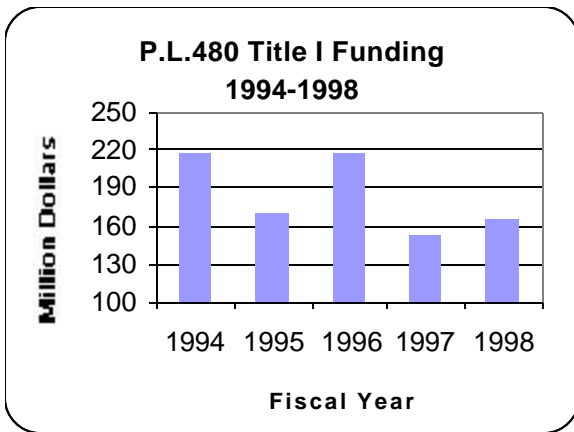


Source: FAO, *Food Outlook, No. 5, 1998*

Changes in U.S. domestic agricultural policy and reductions in foreign assistance led to a reduction in available U.S. food aid during the last several years. This trend is rooted in legislative changes starting in the mid-1980s and culminating with the 1996 Farm Bill. However, the abundance of U.S. agricultural production, reduced wheat prices and increased demand for aid abroad led to a slight increase in the amount of international food assistance made available by the U.S. in FY 1998. The United States provided 3.5 million metric tons, valued at \$1.22 billion, to 67 developing and re-industrializing countries. Cereal contributions increased as a percent of the total; contributions of non-cereal commodities, especially pulses, were sharply reduced.

The increase in U.S. international food assistance in FY 1998 is reflected in higher funding levels for P.L. 480 Title II programs. Funding for P.L. 480 Title I also increased slightly over FY 1997 levels. The trend of reduced funding for Title III programs continued in FY 1998. It is noted that Title III assistance levels have declined from a high of over \$300 million in 1993 to under \$30 million for programs this year.

Food for Progress, which is limited by a maximum of 500,000 metric tons and transportation costs rather than by dollar value of commodities, returned to volumes closer to the maximum tonnage limit in FY 1998. Food for Progress volumes had declined in 1996 and 1997—total tonnage in 1997 was only 285,000 metric tons. Donations of nonfat dry milk under section 416(b) amounted to under \$2 million in FY 1998. After a high in FY 1993 of over \$350 million, section 416(b) volumes dropped off quickly and have remained negligible during the last several years. The President’s Food Initiative, announced in July 1998, will dramatically increase volumes flowing through this international food assistance mechanism in FY 1999 (see Section II).



II. THE RESPONSE: TARGETED AID FOR GREATER FOOD SECURITY

“Programs that save children, and educate them, give economic opportunity and dignity to the poor and strengthen civil society are not merely humanitarian, they contribute to the productive capacity of society. They contribute to sustainable growth with equity.”

USAID Administrator Brian Atwood
December 1997

Global food security is of strategic interest to the United States because of its implications for both political stability and economic prosperity. Moreover, the U.S. has a tremendous capacity for and a long-standing tradition of providing humanitarian relief. While the U.S. continues to provide assistance to countries in need of emergency food aid, it also works to promote long-term food security by targeting development assistance to address the root causes of hunger in those countries that are chronically food insecure.

“Promoting sustainable development is considered a critical component of America’s role as a world leader. It reduces the threat of crisis, and creates conditions for economic growth, the expansion of democracy and social justice, and a protected environment.

A. FROM THE WORLD FOOD SUMMIT TO ACTION

The World Summit in Rome in November 1996 focused the world’s attention on the chronic problems of hunger and malnutrition. The United States, along with 185 other countries pledged to reduce the number of food insecure people by half—from over 800 million today, to no more than 400 million—by the year 2015.

The Summit recognized that food security incorporates not only the traditional idea of ensuring adequate food *availability*, but also the need to create the social and economic conditions which empower households and individuals to gain *access* to food, either by producing food themselves or earning income to buy food. Finally, food security assumes the effective and efficient *utilization* of food. Efforts to promote long-term food security, therefore, will include a wide array of measures aimed broadly at eradicating poverty, increasing production,

Humanitarian assistance – a vital part of sustainable development – is essential to saving lives during natural and man-made crises, and for returning societies to a social and economic progress in post-crisis countries.”

(Source: J. Miller, USAID and Field Collaboration in the use of Central Resources—Discussion Paper, February, 1998.)

IN PURSUIT OF WORLD
FOOD SUMMIT GOALS,
FOOD ASSISTANCE DONORS
WERE ENCOURAGED TO :

- Sharpen the focus of their food aid on the most chronically food insecure countries and regions;
- Provide an appropriate volume of food aid on the basis of need;
- Establish incentives to encourage the best use of food aid; and
- Strive to ensure that food assistance reaches those who have the most responsibility for household food security—especially women.

THE U.S. ACTION PLAN IDENTIFIES SEVEN PRIORITY AREAS:

1. Economic Security and Policy Environment;
2. Trade and Investment;
3. Research and Education;
4. Sustainable Food Systems and the Environment;
5. Food Security Safety Nets;
6. Information Mapping of Food Insecurity;
7. Food and Water Safety.

improving health and nutrition, and empowering women as both food producers and caregivers. International food assistance has a role both as a means for carrying out the development associated with this agenda and as a resource to promote the creation of adequate safety nets during the transition to food self-reliance.

U.S. ACTION PLAN ON FOOD SECURITY

The U.S. reaffirmed its commitment to improve food aid programs for response to emergencies and to help chronically hungry populations achieve long-term food security.

During FY 1998, the U.S. Action Plan on Food Security was developed as a follow-up to the World Food Summit by the Interagency Working Group on Food Security and the Food Security Advisory Committee, which is comprised of 30 representatives from civil society including industry, NGOs, and academia. The Action Plan will be released in early 1999.

The Action Plan is a long-term blueprint on how the U.S. will contribute to the goals set forth at the World Food Summit. It outlines policies and actions aimed at alleviating hunger at home and abroad.

In the section on food security safety nets, international food assistance is seen as a flexible resource that can both mitigate short-term hunger and promote the development that can lead to longer-term food security. In order to maximize the effectiveness and efficiency of U.S. international food assistance programs in promoting global food security, the Action Plan calls for P.L. 480 food assistance programs to focus on the most food insecure countries. Priority will also be given to recipient countries with policies that promote market economy, gender equality and food security. In the new trade round, scheduled to begin in late 1999, the United States will work with countries to achieve freer trade and to assure that its benefits, especially lowering food prices and raising incomes, are equitably realized.

In the section on food aid, the Plan envisions a number of actions to maximize the impact, efficiency, and effectiveness of U.S. programs. The Plan seeks to strengthen coordination, especially at the country and regional levels on the qualitative aspects of food aid, focusing particularly on the 1994 GATT Uruguay Round decision that donor nations will review the level and form of their food aid commitments.

Moreover, a study for achieving the World Food Summit goal of halving world hunger by 2015 was commissioned by USAID's Agricultural Policy Analysis Project, Phase III (APAP III). This report expands on the Action Plan and provides models and cost estimates for a series of strategies to meet the World Food Summit target.

B. U.S. INTERNATIONAL FOOD ASSISTANCE PROGRAMS

In responding to the challenge posed by global food insecurity, the U.S. government provides international food assistance through three channels: Public Law 480 (the Agricultural Trade Development and Assistance Act of 1954), Section 416(b) of the Agricultural Act of 1949 and the Food for Progress Act of 1985. All of these programs were re-authorized by the 1996 Federal Agriculture Improvement and Reform (FAIR) Act, also known as the 1996 Farm Bill.

U.S. International Food Assistance Programs :

- 1) P.L.480
 - Title I
 - Title II
 - Emergency Development
 - Title III
 - Farmer-to-Farmer
- 2) Food For Progress
- 3) Section 416 (b)

PUBLIC LAW 480

The Agricultural Trade Development and Assistance Act of 1954, Public Law 480, is the preeminent mechanism for US international food assistance. P.L. 480, also known as Food for Peace, has three food aid titles. Each title has different objectives and provides commodity assistance to countries at different levels of economic development.

P.L. 480 TITLE I: TRADE AND DEVELOPMENT ASSISTANCE

The Title I program is administered by the **U.S. Department of Agriculture (USDA)**. Under Title I, agricultural commodities are sold to developing countries on concessional credit terms. The U.S. government negotiates an agreement with the recipient government for payment in dollars. While the credit must be repaid, the favorable terms represent a subsidy to support agricultural and food security development in the recipient countries. Repayment terms vary depending on the financial position of the recipient

Title I Countries:

Africa

Angola
Eritrea
Mozambique (FFPr)
Zimbabwe

Asia and Middle East

Bangladesh (FFPr)
Indonesia
Jordan
Mongolia (FFPr)
Philippines
Sri Lanka

Latin Am./ Caribbean

Bolivia
El Salvador
Guatemala
Guyana
Jamaica
Nicaragua
Peru

Europe

Albania (FFPr)
Bosnia-Herzegovina (FFPr)

NIS

Armenia
Georgia
Kyrgyzstan (FFPr)
Tajikistan (FFPr)

country, but may provide credit terms up to 30 years, with a grace period on payment of the principal of up to five years and interest rates ranging from 2% to 4%.

Commodities, primarily bulk wheat, soybeans and rice are purchased in the U.S. market and distributed or sold by the recipient government in its local markets. The local currency sale proceeds are used to support the development objectives stated in the agreement. A portion of Title I funds may be shifted to the USDA-administered Food for Progress programs explained below. In FY 1998, Title I agreements with 23 countries, including 7 countries that received Title I funds through the Food-for-Progress program, accounted for 1.26 million MT of commodities worth over \$205 million. (See Appendix 3 for a break-down of country-recipients and commodity volumes.)

Historically, Title I programs have been government-to-government agreements. The 1996 Farm Bill expanded the concept and allowed for agreements to be negotiated with private entities. Further refinement of Title I operating procedures and requirements made this year will facilitate agreements with private entities that are not necessarily based in the U.S. This will facilitate collaboration with international organizations, such as the World Bank in supporting private sector development in developing countries.

P.L. 480 TITLE II: EMERGENCY AND DEVELOPMENT ASSISTANCE PROGRAMS

The bulk of US International Food Aid flows through the targeted relief operations and development projects under Title II, administered by the **U.S. Agency for International Development (USAID)**. Implementation of emergency and development (non-emergency) food assistance activities supports broader USAID goals. By providing relief during and after man-made and natural disasters, emergency activities most directly support the Agency's Goal 6: *Lives saved, suffering reduced and development potential reinforced*. Title II interventions also promote the *broad-based economic growth and agricultural development* (Goal 1), and the *protection of human health and stabilization of population growth rates* (Goal 4). Food for education, agricultural extension and other components of development activities support USAID's Goal 3: *Education and training*. Moreover, all Title II development activities are now in compliance with Environmental Regulation 216 (See Section IV.B.). Efforts to move programming beyond simple compliance

U.S. Agency for International Development goals:

- Goal 1: Broad-based Economic Growth and Agricultural Development;
- Goal 2: Governance and Democracy;
- Goal 3: Education and Training;
- Goal 4: Population and Health;
- Goal 5: Environment;
- Goal 6: Lives Saved, Suffering Reduced and Development Potential Restored;
- Goal 7: USAID—a Premier Development Agency.

to environmentally sound design support the Agency's broader *environmental goal* (Goal 5). As discussed in Section IV.A., the Food for Peace operational units have made significant strides over the last two years to improve the management of food assistance programming contributing to USAID's reputation as *a premier development agency* (Goal 7).

Day-to-day implementation of Title II projects in recipient countries is carried out by a variety of cooperating sponsors that specialize in humanitarian relief and development assistance. These include private voluntary organizations (PVOs), non-governmental organizations (NGOs) and international organizations (IOs). USAID's major implementing partner for delivering emergency food assistance is an international organization, the United Nations' World Food Program (WFP).

The Title II budget is divided into emergency and development (non-emergency) activities. In recent years the number of complex crises and natural disasters necessitating emergency relief have increased, placing strain on limited food assistance budgets. However, emergency and development activities are not mutually exclusive. In seeking to make food assistance more effective in addressing long term food security, increasing emphasis has been placed on linking emergency relief with development strategies for longer-term food security in crisis prone regions. Thus the Title II emergency portfolio includes development-oriented activities. Similarly, the development portfolio includes non-emergency humanitarian aid that is provided as a social safety net for orphans, the elderly, infirm and permanently disabled.

TITLE II: EMERGENCY ACTIVITIES

In September 1998, FAO reported that there are currently natural and human-made crises leading to food emergencies in 40 countries around the world. Title II emergency assistance provides a humanitarian response to such emergencies. This relief work most often requires rapid response and implementation in a shifting, unstable and sometimes dangerous environment. The type of program implemented varies depending on the scope, nature and duration of the emergency.

Emergencies fall into two categories: *natural disasters* and *complex crises*, the latter often involving civil/armed conflict and other human-made disasters. However, one type of crisis—natural or human-made—makes a

Complex emergencies are characterized by:

- Refugees and/or internally displaced people;
- Disruption to traditional food supply networks;
- Fragile or failing economic, political and social institutions;
- Environmental degradation.

USAID's Famine Early Warning System (FEWS), an information system designed to help decision-makers prevent famine in Sub-Saharan Africa, was a catalyst for response planning during the El Niño threat in eastern and southern Africa.

population more vulnerable to possible repercussions from the other. Moreover, emergency programs often must deal with both natural and human-made crises simultaneously.

In FY 1997, 24% of Title II emergency activities addressed crises arising purely from natural disasters, such as drought, typhoons and floods. In FY 1998, the incidence of natural emergencies continued to reflect the impact of the El Niño phenomenon. The impact has been felt worldwide and has been profound in the many developing countries of Africa, Asia and Latin America that are heavily dependent on seasonal agricultural production.

Complex emergencies constitute the bulk of the Title II emergency portfolio (74% in FY 1997). These emergencies, often stemming from civil unrest, may last much longer than those caused by natural disasters, sometimes for years. Often during complex emergencies, large numbers of people flee their homes becoming either international refugees or internally displaced persons.

Typically, emergency relief activities are either targeted or general feeding programs. Targeted feeding may be carried out through one or more of several possible components:

- Supplementary feeding;
- Therapeutic feeding;
- Food-for-work; and
- Food-for-agriculture.

P.L. 480 Food Aid Emergency

Activities in FY97:

General food distribution	34%
Targeted Food Distribution	76%

Of Targeted Food Distribution Activities:*

<i>Supplementary Feeding</i>	40%
<i>Therapeutic Feeding</i>	37%
<i>Food-for work</i>	37%
<i>Food-for-agriculture</i>	17%

*Activities can have more than one component, thus %s do not total to 100%.

In Indonesia: Title II food assistance activities, totaling \$47.6 million in FY 1998, are assisting almost 1 million people in areas most severely affected by drought. While some targeted feeding programs will be used to provide relief to vulnerable population groups, the bulk of this assistance will be distributed by CARE, CRS, CWS, ADRA and WFP through food-for-work activities that will be appropriate for, and of long-term benefit to, the participating communities. FFW interventions include road and bridge construction or repair, construction of water and sanitation systems, tree planting and terracing.

An activity may use a combination of components or may evolve over time. For example, an emergency activity

that begins as a direct feeding program for refugees may evolve over time into a food-for-work or food-for-agriculture activity to increase the beneficiaries' self-reliance and ease the transition *from relief to recovery*. In program planning, USAID and its cooperating sponsors make every effort to:

1. Design relief interventions that do not promote aid dependency;
2. Target food aid so that it reaches the most vulnerable populations; and
3. Incorporate activities that ease the transition from crisis to recovery by linking relief to development.

Relief interventions are designed and refined as the emergency evolves so as to **minimize dependence on food aid**. Needs assessments are conducted to ensure appropriate composition of activity components as well as the appropriate overall level of aid. Depending on the program environment, assessments may use beneficiaries' available coping mechanisms, poverty level, local market environment and/or nutritional status as indicators to determine food aid needs. The types of component activities, the target populations, the scale of operations and the size of rations are adjusted as necessary.

WFP USES NEEDS ASSESSMENTS TO FINE-TUNE RELIEF ASSISTANCE

In Kenya: A needs assessment revealed that beneficiaries of an WFP emergency relief program no longer required the full ration. After consultation with government officials and other CSs working in the area, WFP gradually reduced the ration scale and beneficiary coverage. Factors such as the timing of the next harvest and other coping mechanisms were considered in planning the reduction schedule. By August 1997, WFP was distributing 80% of the initially envisioned full rations, and by January 1998, rations were down to 40%.

In Angola: Bi-monthly needs assessments resulted in WFP adding a supplementary feeding program to address the needs of the malnourished.

In Tajikistan: A semi-annual needs assessment analyzed beneficiaries' poverty level, nutritional and health status and local markets in order to better target relief. As a result, WFP introduced an innovative food-for-work project that enabled beneficiaries to grow some of their own food. More than 2,000 beneficiaries shifted from direct food distribution to self-help food-for-work activities.

Targeting food aid ensures relief reaches the most vulnerable populations within the larger group effected by the emergency. Emergency activities most frequently target the following populations:

- Children, especially those under five;
- Pregnant and lactating women;
- Orphans or unaccompanied children;
- Elderly, infirm and handicapped;
- Those identified as malnourished.

Monitoring and needs assessments allow adjustment and refinement of targeting during the course of implementation. Supplemental feedings of targeted groups may be added as the relief strategy changes to reflect improving conditions and reduced need for general food distribution. As general rations are reduced, a supplementary feeding program may be added or continued to meet the special nutritional needs of at risk groups like young children or pregnant and lactating women.

In Indonesia: CRS, ADRA and WFP are providing supplemental feeding for pregnant and lactating women and children under five years of age in the communities most seriously affected by drought this year.

In Uganda: At health units located near camps for internally displaced people, CRS provided supplementary feeding for moderately malnourished children under five and their mothers. Through screening, 5,000 severe cases were referred to therapeutic feeding centers, where protein-rich corn-soy blend supplemented the general ration.

In Sudan: When rations were to be reduced for the general displaced population to coincide with the crop harvest, CRS continued to provide rations to the most vulnerable groups: elderly, children, and pregnant women.

In Bosnia and Bulgaria: ADRA, ARC, CRS, IOCC and WFP have all implemented programs targeting the special needs of elderly pensioners and other extremely vulnerable individuals. CRS combined targeted food assistance to the most needy with a bakery project designed to strengthen local productive capacity.

TARGETED FEEDING BRINGS HOPE TO THE NEEDIEST IN RWANDA

The U.S. was the largest food aid donor to Rwanda in 1997, providing 49% of all food commodities (125,000 metric tons) distributed by WFP. The program targeted refugees and survivors of the 1993-94 genocide, particularly widows, orphans and returnees from Tanzania and the Democratic Republic of Congo, formerly Zaire. The program addressed the nutritional needs of pregnant women and children, considered the most vulnerable in Rwandan society. Therapeutic feeding programs at 280 nutrition centers reached 60,600 beneficiaries every month. WFP also implemented supplemental feeding programs at orphanages, hospitals and centers for unaccompanied children.

An institutional feeding program implemented by CRS in Rwanda targeted 4,000 beneficiaries, most of whom were children under 15. Many of these were unaccompanied or orphaned children.

The **link between relief and development** was initially viewed as a continuum. Relief operations, in response to a humanitarian crisis, would be followed by rehabilitation and then development. However, in long-lasting complex emergencies, the linkage between relief and development is not necessarily sequential. USAID is working with cooperating sponsors in order to understand the complexity in programming for this transition. A draft Transitional Activity Proposal (TAP) Guide is being developed as an effort to guide program development; strategies are being tested by CSs in the field.

CARE's "transitional" project in Angola exemplifies the types of activities used to assist that country in dealing with socio-economic problems and instability after years of war. There are four complementary project components:

- Targeted emergency food distribution to the most vulnerable groups;
- The rehabilitation of rural infrastructure through seasonal employment opportunities (food-for-work);
- Revitalizing agricultural production through the rehabilitation of formerly viable farming systems;
- Monitoring food security indicators to assist in project planning and design.

The integration of direct feeding activities with other productive inputs is a very effective way of moving people

**Linking Relief & Development:
Principles & Operating Guidelines**

1. Countries have primary responsibility for their transition from relief to development;
2. International partners are responsible for assuring the positive impact of their programs through effective strategic coordination upholding the Principles;
3. Relief programs reinforce development objectives;
4. Programs are designed to help prevent or mitigate disasters.

from relief to recovery. General feeding rations provide the necessary safety net to support displaced persons or refugees in the short-term after an emergency. Non-food inputs, such as tools and seeds, allow displaced persons to move from dependency on relief toward self-reliance. As the rations are scaled back for the general population, targeted supplemental rations provide for the most vulnerable populations.

RELIEF TO RECOVERY IN LIBERIA

USAID-administered Title II activities played a major role in supporting the Liberian people in their recovery from years of civil war. From 1990 to 1996, CRS and WFP implemented a joint program to provide emergency food aid to over one million internally displaced people and international refugees fleeing from the war. After peace was finally established and elections were held, Title II programs began to shift their emphasis from emergency feeding to post-war transition activities necessary to rebuild the country.

Title II programs, totaling \$23 million, accounted for 85% of all food aid in Liberia in 1997. At the start of 1997, emergency food aid was being provided to 350,000 beneficiaries in camps for internally displaced persons (IDPs). By the end of 1997, approximately 150,000 were permanently resettled in rural areas. General food distribution in IDP camps were discontinued in favor of targeted activities in rural areas. These included various food-for-work and targeted feeding programs.

In combination with other donor activities, Title II emergency food aid played a significant role in increasing agricultural production in 1997. Food rations were provided to 118,000 farm families as part of the "seeds and tools" program, which was funded by USAID/OFDA, the European Union and the UN/FAO. By providing for immediate consumption needs, these rations ensured that seed rice was planted rather than consumed. The rations also meant the farmers had the energy for doing agricultural work. Agricultural production went from 30% of pre-war levels in 1996 to 60% of pre-war levels in 1997, according to FAO.

Title II food aid also played a major role in rehabilitating institutions that provide critical social services. This included food-for-work for the reconstruction of clinics and hospitals, and feeding of health workers and patients. The emergency school-feeding program implemented by WFP resulted in the re-opening of 1,250 schools by the end of 1997. The program assisted approximately 320,000 primary school children, 1,200 youths in vocational training institutions and 20,600 teachers throughout Liberia.

U.S. food assistance helped the Liberian people in rebuilding their lives after crisis. The journey is not complete and there is much work to be done. However, the gains in agricultural production and the revitalization of institutions meant that significantly less food aid was required in 1998. In FY 1998, Liberia received less than \$15 million in food assistance through Title II programs.

Source: FFP/ SO1: Results Review and Resource Request FY2000 (USAID, April 1998)

TITLE II: DEVELOPMENT ACTIVITIES

P.L. 480 Title II development food aid (non-emergency food aid) constitutes the single largest source of USAID funding for food security programs. As a development tool, food aid is a flexible resource that can be used for direct feeding, or monetized to generate local currency for development activities.

Following the *Food Aid and Food Security Policy Paper* (USAID, 1995), priority is given to activities to improve household nutrition and agricultural productivity. Household nutrition includes all activities that address health and nutrition, as well as those that improve water quality and sanitation. Agricultural productivity includes activities that address agriculture directly, as well as those that improve natural resource management. Currently 83% of the commodities programmed through Title II development activities support these two priority areas. Other activities focus on education, micro-enterprise development and humanitarian assistance.

Health and Nutrition activities directly support proven interventions to improve child survival and nutrition. These include promotion of breastfeeding, immunization against preventable childhood diseases, increasing micro-nutrient consumption and improving ante-natal care.

Percent of Total Value (commodity and freight cost) that supports components in P.L. 480 Food Aid Development Activities in FY 1998:

Health and Nutrition	47%
Water and Sanitation	3%
Agriculture	30%
Natural Resource Management	2%
Education	8%
Humanitarian	9%
Micro-Enterprise	0.3%

In India: The single largest Title II development activity is implemented by CARE in India. Working through the Indian Government's Integrated Child Development Services (ICDS) program, CARE delivers health and nutrition services to over 6.6 million beneficiaries annually. The monitoring data show improvement in rates of infants being breast-fed, children under two being immunized and the use of modern family spacing methods. These improvements will lead to healthier and better nourished children, which is expected to result in smaller, healthier families.

Agricultural Productivity activities provide technical assistance and training to small farmers and their families to promote sustainable farming practices, more productive and diversified farming systems and improved post-harvest management and marketing. *Food-for-work activities* are used to improve the physical resources available to a farming community. These activities mobilize the labor of the rural poor to construct small-scale irrigation and drainage systems and infrastructure for soil and water conservation. These activities increase sustainable crop yields and household income, and thus

improve the availability of and access to food by poor rural families.

In Bolivia: Food for the Hungry International (FHI) worked with 3,600 rural households (approximately 18,000 beneficiaries) in Bolivia to increase production of selected food crops by 39% in FY 1997. Sales from this increased production led to a 69% increase in household income. Improved availability of food and greater access to food through improved incomes means increased food security for these rural families.

In Ethiopia: World Food Program (WFP) will implement a five-year program (1998-2002) that brings 42,000 metric tons, or approximately \$18 million of food assistance annually for five years. Food-for-work activities for land protection infrastructure and water resource development will account for 79% of the total assistance. These improvements will increase sustainable yields, thus contributing to improvements in the availability of and access to food by poor rural households now and in the future.

Education activities have been refined in recent years. "Stand-alone" school feeding programs have been replaced by *food-for-education* (FFE) activities that integrate food resources with programs to improve the quality of teaching (staff and curriculum) and school infrastructure. For example, the governments of Bolivia, Ghana, Burkina Faso and Haiti are enacting large scale school reform programs, and FFE activities are being continued or expanded in these countries. FFE activities are also used to promote increased female school attendance. President Clinton's announcement of an African Education Initiative during his trip to Africa in Spring 1998 signals an increase in food-for-education activities in Africa in FY 1999.

In Burkina Faso: CRS is testing two innovative approaches to increasing girls' school attendance. A monthly take-home ration to girls who maintain at least 85% attendance throughout the month provides families with incentives to keep girls in school. Community pre-school centers provide meals and care for female students' younger siblings, providing an alternative source of child care and thus enabling older girls to attend school.

In Bolivia: A food for education program is being conducted in rural areas of the country, where the percentage of all children that complete grade school is very low. Schools must be part of the government's broader reform program and must maintain no less than 40% enrollment of girls in order to participate in the food for education program implemented by ADRA, FHI and PCI.

Humanitarian relief, general assistance provided through the non-emergency food assistance program, exemplifies the longer-term effort to provide safety nets to vulnerable populations. Frequently, humanitarian relief is provided in conjunction with other assistance activities. In FY 1998, 19 different non-emergency assistance activities in 11 countries had humanitarian relief components. Humanitarian relief is generally provided through direct feeding programs and targets those who are not able to take advantage of development activities in their communities. Beneficiaries include orphans, the elderly, patients in hospices and hospitals and families stricken with AIDS.

USAID TO DOUBLE NON-EMERGENCY FEEDING PROGRAMS

In June 1998, USAID Administrator Brian Atwood announced an expansion of the non-emergency humanitarian feeding programs. This expansion will double the dollar value of these activities to more than \$30 million in FY 1999. According to Atwood, this expansion will be attained while “maintaining or expanding slightly development non-emergency activities such as maternal/child health and food-for-education.”

Source: USAID Administrator J. Brian Atwood, personal communication to Representative Benjamin Gilman, Chairman of the House Committee on International Relations (June 22, 1998)

The Title II development portfolio also includes a small percent of activities to improve agricultural productivity and household nutrition by improving access to credit for small agricultural producers and other rural entrepreneurs. These **micro-enterprise credit** components expand the opportunities available to the target group for productive activities so they can increase their income and thereby improve their access to food. Many of the programs focus /concentrate on women.

OTHER TITLE II ACTIVITIES

SECTION 202(E) AND INSTITUTIONAL STRENGTHENING ASSISTANCE (ISA) GRANTS

As part of P.L. 480, USAID administers Section 202(e) and the Institutional Strengthening Assistance (ISA) grants to strengthen the capacities of its cooperating partners to manage food aid programs (see Appendix 8 for a breakdown of Section 202(e) and Institutional Strengthening Assistance Grants). These grants have led

to significant improvements in Title II program design and execution, impact monitoring and results documentation.

Section 202(e) funds are an integral part of Title II used primarily for the support of in-country administrative and managerial capacity to manage food assistance programs. In FY 1998 total Section 202(e) funds were \$28 million. Funds have been used to develop computer-based information systems to improve food delivery logistics, commodity tracking and impact assessment. CSs have used funds to cover transportation and other expenses associated with identifying target groups and appropriate interventions, monitoring program impact and conducting environmental evaluation as required by USAID Regulation 216. ACDI/VOCA in Cape Verde and CARE-Honduras used 202(e) funds to host workshops on Regulation 216 compliance. Each workshop was well attended by PVO representatives from the wider region, West Africa and Latin American respectively. (See Section IV on Regulation 216).

Institutional Strengthening Assistance grants, formerly called Institutional Support (ISG) Grants, have been instrumental in building the capacity of CS headquarters staff to design and manage food assistance activities. In FY 1998, ISA grants totaled \$5 million. These grants have strengthened the coordinating linkages between USAID Food for Peace and CS representatives, and have enabled CSs to add M&E experts to their headquarters staff. ISA grants have led to improvements in:

- Design of technically-sound food aid activities;
- Transfer of technical and management skills and expertise to country program staff;
- Definition of impact indicators and establishment of impact monitoring and evaluation systems;
- More accurate Belmon Determination Analyses of impact of food aid on domestic production and markets;
- Improvement of programming efficiency and consistency among USAID cooperating sponsors;
- Participation in strategic planning efforts with FFP, Missions and other donors; and
- Development of conceptual models for guiding food aid activities, (such as CARE's livelihood systems approach, which has become the central strategy for CARE programming).

FARMER-TO-FARMER

WW Farmer-to-Farmer Assignments – FY 98

Bangladesh	2
Bolivia	43
Ecuador	4
El Salvador	3
Ethiopia	7
Ghana	3
Guatemala	12
Guyana	2
Haiti	2
Honduras	9
India	11
Jamaica	12
Mexico	14
Mozambique	4
Nepal	22
Nicaragua	6
Philippines	11
Uganda	4
Zimbabwe	22
Other Countries	25
Total	218

The Worldwide Farmer-to-Farmer Initiative (WW-FTF) was established in 1986 and most recently re-authorized by the 1996 Farm Bill. USAID/Bureau for Humanitarian Response/Office of Private and Voluntary Cooperation manages the program, which is financed through P.L.480. The FTF program is not a food aid program, but rather provides short-term technical assistance in order to improve production, marketing and distribution of agricultural commodities in developing countries.

In 1991 USAID, in consultation with the Interagency P.L. 480 Coordinating Committee, adopted a special initiative to bring the Farmer-to-Farmer program to the Newly Independent States of the former Soviet Union. In FY 1998 the bulk of Farmer-to-Farmer assignments were directed to these countries. For FY 1999, there is funding for approximately 430 volunteers to the NIS countries.

In recent years, there has been a shift in emphasis from assistance to individual farmers, government organizations and agricultural education institutions to support for farmers' cooperatives and associations, agribusinesses and agricultural credit and financial institutions. To date, 31% of FTF assignments have provided technical assistance to agribusinesses, 19% each to individual farms and farm associations, 11% to agricultural credit of financial institutions, 10% to agricultural education institutions, 4% to government administrations for policy consultation and 6% to other activities.

The Farmer-to-Farmer program completed a total of 693 volunteer assignments principally in 31 countries during FY 1998. In the 12 Newly Independent States of the former Soviet Union, 475 assignments were completed; 218 assignments were completed in the 19 countries under the Worldwide FTF program. Total P.L. 480 funding for the FTF program in FY 1998 was \$10.9 million.

COUNTRY HIGHLIGHTS—FARMER TO FARMER IN FY 1998:

In Russia: The Farming Development Service of the All-Russian Agricultural College outside Moscow has become the model for 10 new extension centers throughout Russia.

In Kazakstan: Two volunteers assisted a poultry farm to complete a business plan and financing request. The GIMV Post-privatization Fund then agreed to a joint venture with the factory, purchasing over 47% stake in the company—a \$1.5 million equity investment. The Fund is

NIS- Farmer-to-Farmer Assignments – FY 98

Russia	191
Ukraine	73
Moldova	24
Belarus	15
Armenia	22
Georgia	16
Azerbaijan	18
Kazakstan	49
Kyrgyz Republic	32
Tajikistan	0
Turkmenistan	18
Uzbekistan	17
Total	475

also extending a loan for \$2.1 million for total financing of \$3.6 million.

FARMER-TO-FARMER
PROGRAM PARTNERS
(1997-2002)

ACDI/VOCA

Citizens Network

Land O'Lakes

Partners of America

Winrock International

Peace Corps

In Georgia: In the second year of a pilot set up by FTF volunteers, three agricultural credit cooperatives and their central administrative organization made 56 loans worth \$350,000 to private producers for agricultural inputs. The participating credit cooperatives had a 96% repayment rate on loans made in FY 1997.

In Uzbekistan: The first member-driven financial institutions in the country were founded—six credit unions were established, six more are being formed. More than 250 people were trained in credit and finance, 50% of them women.

In Zimbabwe: A cooperative was formed to assist a community plan and raise funds to drill a drinking-water well and a small-scale irrigation system for construction.

In Ecuador: Partners of the Americas volunteers helped select agricultural producers reduce the use of agro-chemicals by 80%. Through an integrated approach, field trials of resistant plant varieties were tested, workshops for safe and effective pesticide and herbicide use were conducted and a certification requirement for agro-chemical sales-people was formalized.

In Nepal: Two volunteers worked with 38 small-scale angora wool producers and processors to diagnose and correct causes of poor quality finished products and to develop marketing strategies.

P.L. 480 TITLE III: FOOD FOR DEVELOPMENT

USAID's Title III provides government-to-government grants for support of long-term economic development in least developed countries in ways that help address food and nutrition problems. Title III has been an effective instrument in assisting countries to implement difficult policy choices necessary to promote long term food and nutritional improvements worldwide. In Haiti, Bangladesh, Ethiopia, Eritrea, Mozambique, Nicaragua and many other past recipient countries, Title III has enabled USAID to play a critical role in helping governments privatize food and fertilizer markets, attract poor children into school, and better address chronic food shortfalls.

Funding priority for P.L. 480 Title III is accorded to:

- Countries most in need of food;
- Countries in which Title III programs form part of a broader strategy to establish/enhance long-term food security.
- Programs with direct links to increased agricultural production and local consumption.

Donated Title III commodities are normally sold on the domestic market of the recipient country, although there are examples where Title III commodities were put into national food security reserves. Local currency generated from commodity sales is used to advance food security objectives. These may include infrastructure development, support for rural credit cooperatives, agricultural production and marketing improvement programs and other economic development activities.

In FY 1998, 141,010 metric tons of wheat flour and wheat worth \$29.9 million were distributed through Title III to strengthen food security in Eritrea, Ethiopia and Mozambique, and support policy reform and democratization in Haiti. This is a decrease of 25% from FY 1997 funding levels.

Title III funding supports policy reform, such as:

- Changing agricultural price policies that are unfavorable to producers or discourage productivity;
- Ending export and import policies that hinder investment in agricultural enterprises; and
- Generating investments in rural infrastructure, which supports economic growth.

COUNTRY CASES—TITLE III FOCUS ON FOOD SECURITY

In Eritrea: In 1998, Eritrea was ranked as a most food insecure country. Estimates indicate that only 1,610 kilocalories of food are available per capita per day against the 2,500 – 3,000 recommended intake for the average active adult.

In FY 1998, USAID supplied Eritrea with 24,750 MT of wheat, valued at \$5 million. This was the final year of a three-year program totaling \$20 million. Eritrea instituted a number of reforms that will help improve the long-term food security of the country. The Eritrea Grain Board has built up its national reserves to 35,000 MT and is constructing additional grain storage facilities to reach 50,000 MT level by FY 2001. These reserve levels will provide immediate relief in case of drought or other calamity. The government of Eritrea has also invested in expansion of irrigation, testing of new crop varieties, strengthening the National Food Information System and training Ministry of Agriculture officials.

In Ethiopia: Ethiopia was also ranked as a most food insecure country in 1998. Ethiopia received \$9.9 million in Title III in FY 1998, the final year of a three-year program totaling \$44.9 million. In 1998, drought and crop shortages related to El Niño and growing border dispute tensions led the government of Ethiopia to use the 50,160 MT Title III wheat shipment for relief feeding. During the first two years of the project, Ethiopia had taken significant measures to liberalize markets for agricultural inputs and stimulate greater private sector involvement. Numerous rural roads have been constructed or repaired, and local tolls and tariffs, which had impeded rural market development, were removed.

In Mozambique: Decades of war have left Mozambique ranked as a most food insecure country. While the country is endowed with vast arable land, agricultural development progress to date has been hampered by the lack of infrastructure, education skills and capital.

The U.S. provided \$5 million (18,870 MT) of Title III wheat to Mozambique in FY 1998, the second year of a three-year program. Title III supported reforms and activities include liberalizing agricultural prices, curtailing state monopoly of cereal procurements, privatizing transportation, improving land title security and constructing and repairing roads.

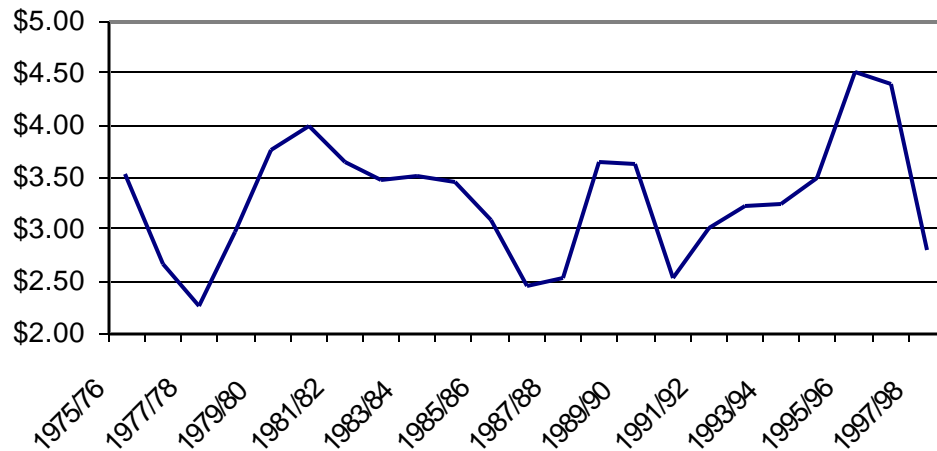
In Haiti: Haiti sustained significant damage during Hurricane George in 1998, and continues to be plagued by economic stagnation. Lack of roads and appropriate agricultural tools, inadequate irrigation and high population density on limited arable land all constrain Haiti's agricultural potential.

In FY 1998, \$10 million of wheat and wheat flour were donated under the second year of a three-year program. Importantly, bulk wheat flour was sold to the recently privatized flourmill. The government of Haiti uses Title III proceeds to build and refurbish rural roads, both increasing market access from rural areas and stimulating economic activity in secondary town and cities.

SECTION 416(B)

The Agricultural Act of 1949 authorizes the donation of surplus food and feed grain owned by the USDA Commodity Credit Corporation (CCC). Surplus food assistance distributed domestically is authorized by Section 416(A) of the Act; surpluses shipped overseas are covered under Section 416(b). In the past, CCC often held stocks under Section 416 authority due to the structure of agricultural support programs. CCC stocks and 416(b) transfers declined sharply in 1994. The restructuring of these agricultural programs in the 1996 Farm Bill all but eliminated this source of CCC stocks. As a result, there were negligible transfers under 416(b) in FY 1997 and a small transfer of inventory, valued under \$2 million, in FY 1998.

**Historic U.S. Wheat Prices
(per bushel)**



However, during FY 1998, the U.S. received a huge number of emergency food assistance requests due to severe weather conditions (e.g., floods in Bangladesh, drought in Indonesia) coupled with acute financial crisis in many developing countries. At the same time world wheat prices had declined to record low levels. In July 1998, President Clinton called on USDA with their authority under the CCC Charter Act (1948) to purchase wheat that could be made available for international food assistance under Section 416(b).

While most of the wheat shipments will take place in FY 1999, negotiation had already begun in Fall 1998. Indonesia was offered a 600,000 metric ton donation of wheat under Section 416 (b). Of that, 170,000 MT will be swapped for rice through the World Food Program. Direct feeding of vulnerable groups will be supported by 50,000 MT of wheat. U.S. PVOs will monetize 180,000 MT to support food security activities in Indonesia. Another 200,000 MT will be monetized to provide collateral for local financing of key inputs for export industries, directly addressing food security concerns through job creation and income generation.

**PRESIDENTIAL FOOD AID INITIATIVE:
2.5 MILLIONS MT OF WHEAT THROUGH SECTION 416 (b)**

On July 18, 1998, President Clinton announced an initiative that will provide support to American agricultural producers facing declining wheat prices, while assisting developing countries that are suffering from natural disasters, civil unrest and the broadening global financial crisis.

USDA, using authority granted under the CCC Charter Act, will buy 2.5 million tons, or 82.5 million bushels, of wheat/wheat products for donation under the 416(b) program. The purchases will cost approximately \$250 million, and are expected to boost the price of wheat between 10 and 13 cents a bushel.

Only countries that cannot purchase wheat commercially will be considered as recipients for donations under the Initiative. In addition, recipient countries will be selected based on a number of factors:

- Level of hunger and poverty;
- Recent harvests;
- Existing international aid.

Potential countries, country groupings, and regions to be considered for donations under the Food Aid Initiative include: Afghanistan; Bangladesh, the Caucasus region; Honduras; Indonesia; Moldova; Mongolia; Nicaragua; Peru; the Sahel region of Africa; and southern Sudan.

An agreement in September 1998 committed 300,000 metric tons of wheat to North Korea, through WFP to distribute food assistance to women, children and the elderly. A 600,000 metric ton donation to Indonesia for a combination of direct feeding programs and development activities aimed at job creation and income generation was also agreed to at the end of the FY 1998.

Source: USDA-FAS Press Briefings 7/18/98, 8/5/98, 9/21/98

FOOD FOR PROGRESS

The **USDA-administered** Food for Progress program assists developing countries, and particularly emerging democracies “that have made commitments to introduce or expand free enterprise elements in their agricultural economics through changes in commodity pricing, marketing, input availability, distribution, and private sector involvement.” Food for Progress agreements can be signed with governments or with private voluntary organizations, non-profit agriculture organizations, cooperatives, intergovernmental organizations or other private entities.

Food for Progress is supported through one of three mechanisms, via transfer of Title I funds or via Commodity Credit Corporation (CCC) funds, or through the use of Section 416 (b) commodities in CCC inventories. The program is authorized through FY 2002 at an annual level of 500,000 MT of food commodities and up to \$30 million in CCC-funds for transport and \$10 million for administrative costs. Appropriations for FY 1999 raised the transportation cap to \$35 million and the cap for the payment of administrative costs to \$12 million.

In FY 1998, almost 440,000 MT of commodities valued at over \$125 million were programmed through Food for Progress to support private enterprise development and food security activities in 24 countries. USDA has expanded its geographic focus beyond the former Soviet Union to food-insecure countries in Africa, Asia, Central Europe, and Latin America.

COUNTRY HIGHLIGHTS—FOOD FOR PROGRESS FY1998:

In Armenia: Armenian Technology Group (ATG) implemented a project to establish a viable seed industry in Armenia. Activities support development of a market-oriented policy environment, agricultural research, regulatory and marketing institutions, and seed production and distribution networks.

In Russia: The Russian Farm Community Project (RFCP) assisted private farmers and privatized farm collectives establish a sustainable and effective marketing infrastructure. Local currency from the monetization of 15,000 MT of wheat is being used to provide loans to farmers and other rural businesses. RFCP will also establish a business development and service center to provide training and technical assistance in preparing

CCC-funded Food For Progress (21 countries)

Angola
Armenia
Azerbaijan
Bangladesh
Bosnia-Herzegovina
El Salvador
Equatorial Guinea
Georgia
Guyana
Haiti
Kazakstan
Kenya
Kyrgyzstan
Moldova
Nicaragua
Peru
Russia
South Africa
Tajikistan
Tanzania
Ukraine

Title I-funded Food for Progress (7 countries)

Albania
Bangladesh
Bosnia-Herzegovina
Kyrgyzstan
Mongolia
Mozambique
Tajikistan

business plans to loan applicants and other businesses. Loans through the program will also be used to renovate a farmer-owned, cooperative processing, marketing and distribution center.

In Georgia: International Orthodox Christian Charities used 4,500 MT of commodities in Georgia for direct feeding and development activities. The direct food distribution targeted 37,500 of the most vulnerable people in the southern and western regions, those regions most affected by the adverse economic conditions. Business training programs, agricultural credit programs, and small-scale infrastructure rehabilitation and repair focus on rural agricultural households. By providing opportunities to increase household income, these activities will discourage the emigration of productive adults, and promote long-term food security in these regions. The program builds local capacity for managing relief as local residents have been engaged to screen beneficiaries and conduct needs assessments.

In Peru: Catholic Relief Services undertook activities to improve agricultural production, small enterprise development, and conservation of natural resources. Technical assistance and training in crop and livestock production focus on sustainable practices. Training and infrastructure development activities enhance natural resource management by promoting more efficient water-use, reducing soil erosion rates, and initiating reforestation and use of integrated pest management. A revolving, sustainable credit fund will be established with proceeds from monetized commodities. The fund will provide loans to farmers and other rural entrepreneurs during the project cycle and beyond.

In South Africa: Africare is providing capital, technical support and management consultation to agricultural cooperatives and other rural businesses. The goals of the project are to improve linkages among agricultural production, processing and marketing; promote sustainable water and soil resource management and agricultural practices; strengthen farmers' cooperatives, agricultural extension and training centers; and mobilize greater South African corporate participation in rural development. The project works through, and thus strengthens, indigenous organizations and institutions.

In Tajikistan: Save the Children used direct distribution activities to encourage school attendance in a food-for-education program. A food supplement was distributed to children and teachers at approximately 100 kindergarten

and primary schools. Food-for-work activities were used to reconstruct 500 houses, 450 kitchens and 50 health facilities, to clean 1,880 km of canal, to plant 100 hectares and to cultivate gardens at 30 schools. Approximately, 200,000 individuals benefited from the targeted programs.

C. PARTNERS FOR GLOBAL FOOD SECURITY

The U.S. Government works in close partnership with numerous bilateral, international, regional and sub-regional organizations on food assistance-related issues. A coordinated approach is seen as the most effective way to support national food security efforts.

UNITED STATES-EUROPEAN UNION COOPERATION

U.S.-EU Food Security Cooperation have identified 7 countries where there is mutual interest to promote the formulation of national food security strategies:

Angola

Bangladesh

Bolivia

Eritrea

Ethiopia

Haiti

Malawi

In September 1995, a meeting between the USAID Administrator and senior European Commission officials in Brussels established a mechanism for coordinating food security efforts. The Permanent Mechanism for Consultation and Coordination on development cooperation and humanitarian assistance (PMCC) was formed under the umbrella of the Trans-Atlantic Initiative. High-level annual meetings to assess progress are held either in Brussels or Washington, D.C.

REGIONAL FOOD AID CODES OF CONDUCT—HORN OF AFRICA

USAID collaborated on development of a draft **Code of Conduct for Food Aid in the context of Food Security for IGAD**, the Inter-governmental Authority on Development. This sub-regional organization is comprised of the seven most drought-prone countries of the Greater Horn of Africa Region. The draft IGAD Code of Conduct for Food Security incorporates best practices on relief to development linkage, conflict resolution, gender perspective and other development components.

The Seven Country members of IGAD:

Djibouti

Eritrea

Ethiopia

Kenya

Somalia

Sudan

Uganda

Among other principles, the Code recognizes:

- The importance of food aid as one resource to address hunger and disease due to food shortages;
- Long-term food security efforts and their role in mitigating emergencies;

- Food aid as a flexible resource which must be programmed carefully so as not to interfere with long term food self-reliance; and
- Full integration of food aid with complementary investments, regional trade policies and other resources.

REGIONAL APPROACH TO FOOD SECURITY: AFRICAN INITIATIVES

The IGAD Code of Conduct fits into U.S. Government's broader programmatic focus on the Greater Horn of Africa region. President Clinton launched the **Greater Horn of Africa Initiative (GHAI)** in 1994 to better link relief and development strategies in this region. The guiding assumption in the Initiative is that by enhancing regional food security and by strengthening African capacity to prevent, mitigate and respond to crisis, drought and other natural disasters need not lead to famine in the region. Unfortunately, continued civil unrest in the region during the last several years put additional strain on the region's fragile, but developing, coping mechanisms.

Nearly 25% of the FY 1998 Title II budget supported emergency and non-emergency (development) activities in the Greater Horn of Africa region; most notably in Ethiopia, Kenya, Rwanda, Sudan and Uganda.

The USAID **African Food Security Initiative** assists a broader renewed donor and African commitment to agriculture in order to improve nutritional status and increase rural incomes. Modest funds will support bilateral and regional programs to expand successful agricultural and food security activities in three critical areas: increasing agricultural production, improving market efficiency and market access and increasing agricultural trade and investment.

P.L. 480 Title II priority countries that are included in the African Food Security Initiative over the life of the 10-year program plan are: Angola, Ethiopia, Ghana, Guinea, Kenya, Malawi, Mali, Madagascar, Mozambique, Rwanda, Senegal, Tanzania and Uganda. Title II priority counties that are included in the Initiative's FY 1999 focus are Ethiopia, Mali, Malawi, Mozambique and Uganda.

Afterword: Discussed extensively during FY 1998, the **Africa: Seeds of Hope Act** was passed by Congress with strong bipartisan support in October 1998, and signed by the President in November 1998. The legislation exemplifies a continued shift in U.S. relations with Africa. The Act supports USAID's Africa Food Security Initiative by refocusing U.S. development assistance resources on agricultural and rural development.

The Act requires USAID and USDA to develop plans for using micro-credit finance strategies, agricultural research and agricultural extension as mechanisms to reduce rural poverty in Africa. The Act seeks to prioritize economic development for small-scale farmers and struggling rural communities. The Overseas Private Investment Corporation (OPIC) is encouraged to expand its development funding from U.S. corporations investing abroad, to businesses, PVOs and NGOs that work directly with African rural populations.

Recognizing the role of women in small-scale agriculture, the Act encourages USAID to put greater emphasis on entrepreneurial opportunities for women in development programming. The legislation also calls for increased participation by African partners in decision-making processes involved in development programming.

The **Africa: Seeds of Hope Act** also amends the Food Security Commodity Reserve (Section 302 of the Agricultural Act of 1980, as amended). The newly-created Bill Emerson Humanitarian Trust establishes a replenishment mechanism which will enable USDA to purchase commodities for overseas emergencies in advance, when prices are low, instead of waiting for emergencies when commodity prices may be high. This newly established Trust enhances the capacity of the United States to respond to urgent humanitarian food crises in a timely manner.

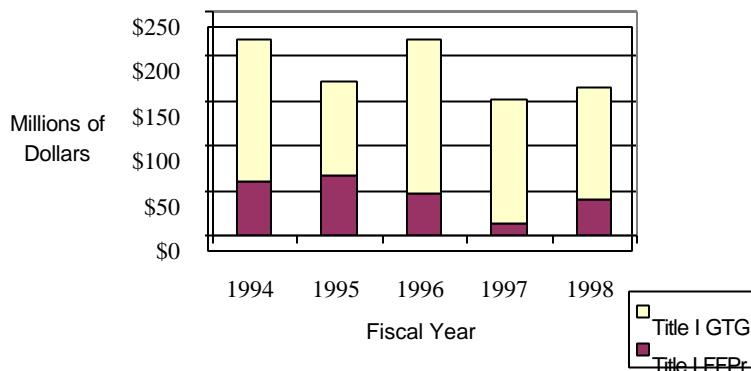
III. HIGHLIGHTS: THE PROGRAMS IN NUMBERS

In 1998, total U. S. international food assistance cost \$1.22 billion and moved approximately 3.5 million metric tons (MT) of commodities to 67 developing and re-industrializing countries. The majority of this—\$1.13 billion, 3.3 million MT—was provided through the P.L. 480 Food Assistance program. The remainder was channeled through the CCC-funded Food-for-Progress program. The following section provides information on funding and tonnage levels, as well as regional distribution of aid for the various components of these food assistance programs.

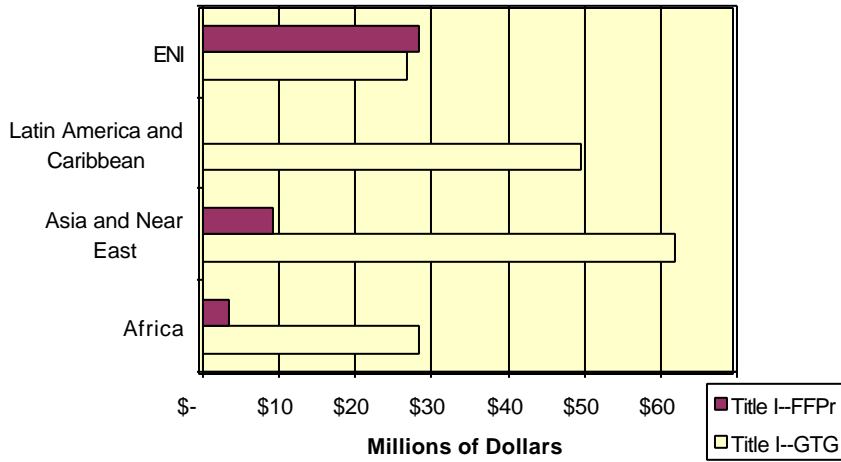
P.L. 480 TITLE I

Title I government-to government agreements provided concessionary credits to 16 countries for over 1 million MT of commodities valued at over \$164 million (see Appendix 2 for a summary of commodities and tonnage and funding levels by country). Seven countries received Title I-funded Food for Progress donations worth over \$40 million (over 250,000 MT of commodities). After having been reduced significantly in 1997, Title I allocations to Food for Progress programs rebounded upwards in FY 1998.

**Title I Allocations to Food for Progress
and Government to Government Agreements
1994-1998**



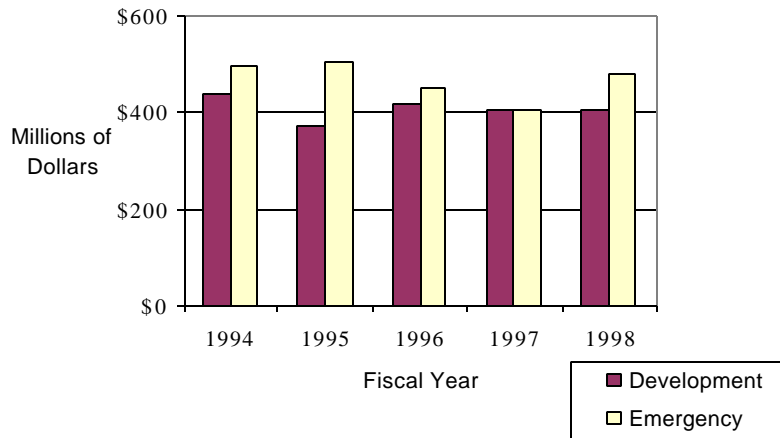
**Title I and Title I-funded Food for Progress FY 1998
by Region**



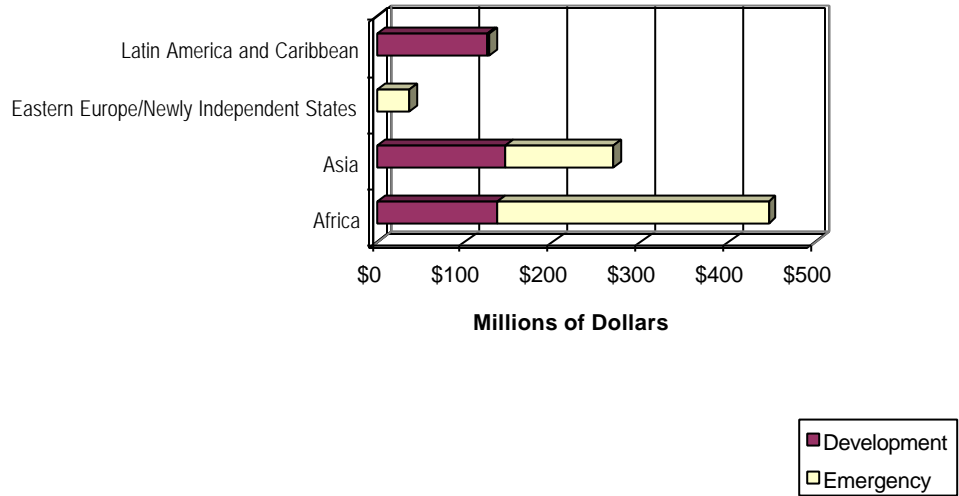
P. L. 480 TITLE II

Title II Food for Peace (FFP) activities, valued at almost \$888 million, moved a total of 1.91 million MT and assisted more than 43 million beneficiaries in 54 countries in FY 1998. Funding for Title II increased slightly over the FY 1997 levels. Spending on emergency programming (\$482 million) exceeded that of development (non-emergency) programming (\$406 million) in FY 1998.

**P.L. 480 Title II Programming
FY 1998**



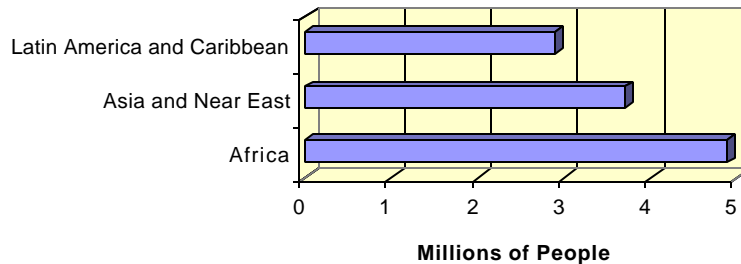
**Title II Emergency and Development Activities FY 1998
by Region**



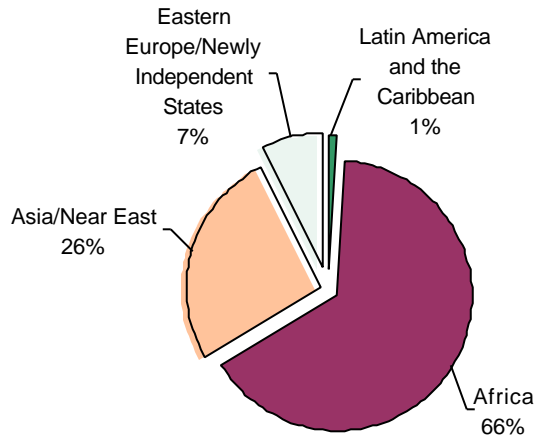
TITLE II EMERGENCY ACTIVITIES

In FY 1998, USAID supported 67 WFP and PVO/NGO-implemented Title II emergency activities in 27 countries in four regions: Africa, Asia, Eastern Europe/Newly Independent States, and Latin America and the Caribbean. The budget for Title II emergency activities in FY 1998 totaled \$482 million, including procurement and transportation for over 921,000 metric tons of commodities (see Appendix 3 for a summary of tonnage and funding levels by country). This represents an increase of almost \$80 million over the level of funding in FY 1997. The majority of emergency activities (66%) took place in Sub-Saharan Africa.

**People Assisted by Title II Emergency Activities
FY 1997**



**Title II Emergency Activities FY 1998
by Region**

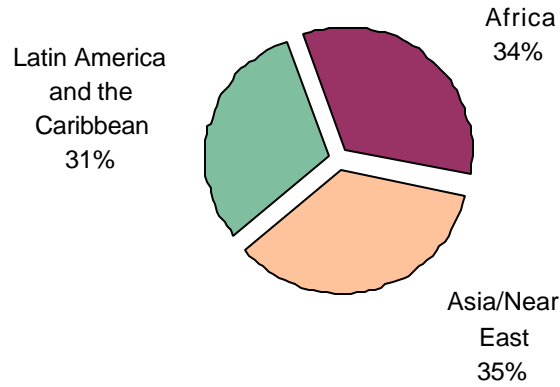


TITLE II DEVELOPMENT ACTIVITIES

In FY 1998, USAID supported 87 Title II development activities in 32 countries from three regions: Africa, Asia, Latin America and the Caribbean. The budget for Title II development activities in FY 1998 totaled almost \$407 million, including procurement and transportation for approximately 1 million metric tons of commodities (see Appendix 4 for a summary of tonnage and funding levels by country). Funding for development activities was divided almost evenly between the three regions.

As described in Section II, development programs utilize various strategies related to food security and disaster prevention and mitigation issues. Most activities are multi-dimensional, integrating a number of the following components: (1) health and nutrition, (2) water and sanitation, (3) agricultural productivity, (4) natural resource management, (5) education, (6) humanitarian assistance, (7) roads and infrastructure, and (8) micro-enterprise development. From these, activities that focus on improving household nutrition (includes health/nutrition and water/sanitation activities) and agricultural productivity are two priority focal areas. In FY 1998, approximately 73% of Title II development activities included household nutrition components (see Appendix 7 for a breakdown of Title II development activity components).

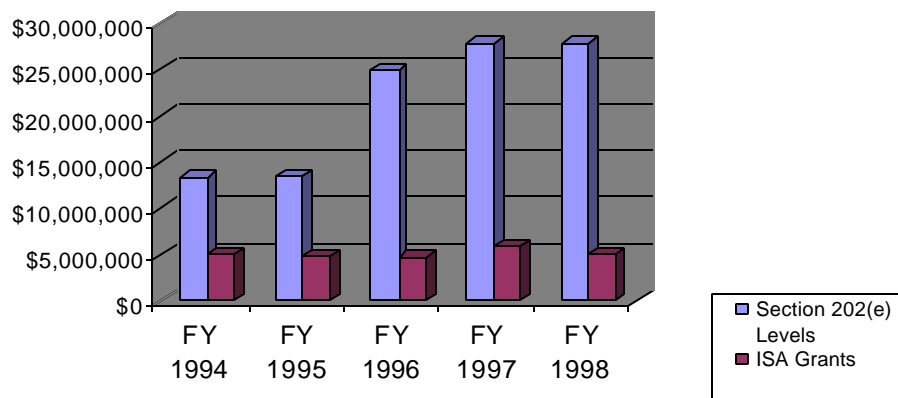
**Title II Development Activities FY 1998
by Region**



SECTION 202 (E) AND INSTITUTIONAL STRENGTHENING ASSISTANCE (ISA) GRANTS

USAID is committed to increasing the capacity of its Missions and cooperating sponsors to manage food aid programs through its Section 202(e) and Institutional Strengthening Assistance Support (ISA) Grants, formerly called Institutional Support Grants. Section 202(e) funding has almost tripled from \$10 million in FY 1993 to \$28 million in FY 1998. ISG funding, in FY 1998, totaled \$4.8 million (see Appendix 8).

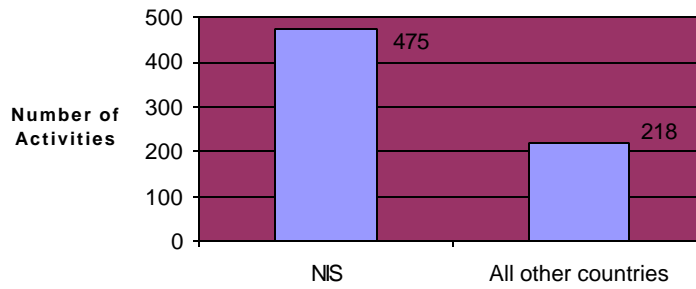
Section 202(e) and Institutional Strengthening Assistance Grant Levels FY 1994-1998



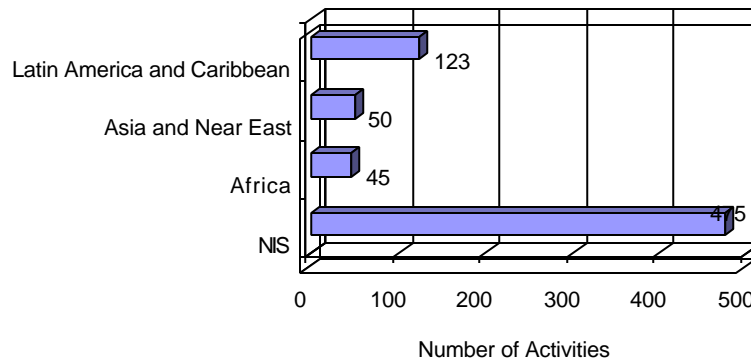
FARMER TO FARMER

The Farmer to Farmer program fielded a total of 693 volunteer assignments in 31 countries in FY 1998, with a budget of \$10.9 million. The vast majority of FTF activities took place in the NIS region—more than twice all other regions combined. Outside the NIS countries, the region with the most activities in FY 1998 was the Latin American and Caribbean region.

Farmer to Farmer Programs



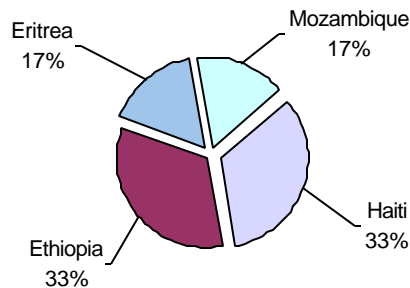
**Farmer to Farmer Activities by Region
FY 1998**



P.L. 480 TITLE III

USAID-administered Title III activities totaled \$29.9 million in FY 1998 and moved over 141,000 MT of commodities to 4 countries: Eritrea, Ethiopia, and Mozambique in Africa, and Haiti in Latin America/Caribbean.

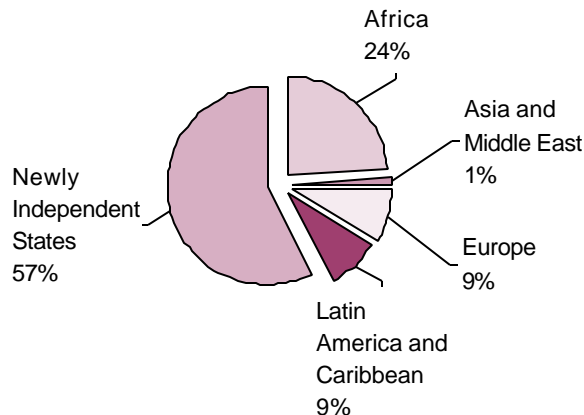
Title III FY 1998 Country Allocations



Food for Progress

USDA's Food for Progress activities totaling more than \$125 million moved over 440,000 MT of commodities to 24 countries in FY 1998. Of this, nearly 189,000 MT of commodities were purchased through the Commodity Credit Corporation (CCC) for \$84.2 million. An additional \$40.8 million for 250,000 MT of commodities came from P.L. 480 Title I. A small amount of Section 416 (b) commodities in CCC inventory was also used to support Food for Progress activities in several countries in FY 1998.

**Food for Progress FY 1998
Funding by Region**



IV. ACCOMPLISHMENTS 1998

A. INCREASING PROGRAM EFFECTIVENESS THROUGH REENGINEERING

USAID ADMINISTERED PROGRAMS

In FY 1996, USAID initiated major changes to better define and focus Title II emergency and development activities, yielding a revised Strategic Plan for USAID's Office for Food for Peace 1997 - 2001. Following this strategic plan the FFP team has made strides in bringing Title II emergency and development activities in line with USAID's re-engineering and results-based management principles. (See *1997 U.S. International Food Assistance Report* for a review of the strategic objectives and intermediate results indicators from the BHR/FFP Strategic Plan). Progress achieved in meeting FY 1998 targets established for Title II emergency and development activities is presented here. These results reflect information on Title II activities during the FY 1997 program cycle, compiled in the Results Reports and Resource Requests (R4s) prepared during FY 1998.

TITLE II EMERGENCY ACTIVITIES

Emergency Food Assistance Strategic Objective (SO1)
Meeting critical food needs of targeted populations.

Two indicators used to measure progress toward this objective focus on:

1. Percent of the target population reached by food aid; and
2. Change (or maintenance) in nutritional status of target groups.

Reaching target populations: The volatile circumstances in which emergency assistance is often provided can pose obstacles to reaching targeted populations. Access to beneficiaries may be limited due to political constraints or other security reasons. Despite this challenge, WFP and other CSs

Performance Indicator 1.1: Percent of targeted population reached		
FY	Planned	Actual
1996	baseline	67%
1997	67%	74%
1998	70%	
1999	75%	
2000	80	

reached an estimated 11.5 million beneficiaries with U.S.-sponsored emergency food assistance in FY 1997. This represents over 74% of the target populations originally specified in assistance proposals. U.S. assistance was provided to nearly 5 million additional beneficiaries through WFP's Protracted Relief Operations in seven African countries and three Asian countries.

Populations tend to shift considerably during emergency relief program implementation. Moreover, the food security situation may deteriorate or improve rapidly in the emergency environment. As a result, effective implementation of food assistance requires continuous monitoring and needs re-assessments. In FY 1997, periodic need assessments were conducted for 85% of all Title II emergency assistance activities (Intermediate Result 1.2).

Positive nutritional impact on target populations: The emergency assistance environment can complicate the collection of data on change in nutritional status of target populations. The FFP team has taken several steps to facilitate reporting on nutritional status by CSs. A nutrition-reporting template was designed in conjunction with PVOs and the UN Administrative Committee on Coordination, Subcommittee on Nutrition (ACC/SCN). This template will be incorporated into the revised reporting guidelines. Data will be shared with ACC/SCN, as well as WFP, UNHCR, and other international agencies that engage in emergency relief programming.

During FY 1997, 62% of emergency activities had a positive effect on or maintained the nutritional status of beneficiaries. This significantly exceeds the FY 1997 target of 37%. While observation or anecdotal evidence is often used to determine impact, PVOs also collect information on edema level and/or weight-for-height (wasting) levels as indicators of acute malnutrition. Efforts in Liberia illustrate emergency activities' impact on nutritional status. When villages became accessible to relief organizations in 1997, wasting levels as high as 20% were recorded. (Wasting levels of 10% indicate elevated mortality.) A follow-up study after implementation of general rations and

Performance Indicator 1.2: Change (maintenance) in nutrition status		
FY	Planned	Actual
1996	baseline	37%
1997	37%	62%
1998	50%	
1999	75%	
2000	80	

targeted supplemental feeding programs showed wasting levels had decreased to 6.4%.

Within the overall strategic objective, **Intermediate Results (IR) indicators** are designed to measure:

- (a) Improved targeting of food aid to the most vulnerable populations (I.R. 1) (see discussion above);
- (b) Food aid delivered to target groups on schedule (I.R. 2);
- (c) Improved planning to integrate relief activities to development (I.R. 3); and
- (d) Strengthened CS and host country capabilities to manage emergency food aid programs (I.R. 4).

TIMELINESS OF FOOD AID DELIVERY

The FFP staff continues to struggle with staffing shortages that result in food assistance “pipeline shortages”—delays in the review and funding of proposals and in the delivery of commodities. Within staffing constraints, the team has taken steps to improve program planning, the approval process, and food aid delivery mechanisms.

- A checklist incorporated into the emergency proposal guideline facilitates timely processing by ensuring all proposals include required components and information;
- A new grant document will standardize emergency assistance proposals;
- A two-year proposal cycle (with an annual funding review) for long-term and complex emergencies will facilitate planning and enable CSs to better address relief-to-development transition issues;
- Consultation with WFP improved coordination of emergency assistance appeals and produced management mechanisms to prevent delivery delays; and
- Pre-positioning \$5 million worth of commodities at U.S. ports allowed for immediate loading in the case of a sudden-onset emergency overseas.

PLANNING FOR RELIEF TO DEVELOPMENT TRANSITION

USAID FFP team continues to encourage effective “relief exit strategies” for emergency activities. Title II cooperating sponsors are also supported in the design of transition activities that move recipients from relief to development. Transition and/or exit strategies were included in 73% of all 1998 emergency activity proposals.

Natural and human-made crises often disrupt local production, distribution networks and institutions. In order for emergency activities to transition from relief to development, programs must avoid negative impacts that further suppress or delay recovery of local production, networks and institutions. During FY 1997, 91% of programs addressed this issue by including mechanisms to build local capacity, encourage beneficiary participation; and utilize distribution networks. Programs seek to support community stabilization and not undermine local agricultural production or local markets.

EMERGENCY FOOD AID MANAGEMENT

Quality of reporting is used as a measure of the cooperating sponsors and host country entities to manage emergency food aid programs. While 60% of cooperating sponsors met some or all reporting requirements independently, all PVO cooperating sponsors responded to a questionnaire developed by the FFP emergency team to gather necessary information not included in the PVOs’ independent reports. The questionnaire will be used again in FY 1999 as a mechanism for simplifying and standardizing reporting.

TITLE II DEVELOPMENT ACTIVITIES

Development Food Aid Strategic Objective (SO2):

Increasing the effectiveness of USAID’s partners in carrying out Title II development activities with measurable results related to food security with a primary focus on household nutrition and agricultural productivity.

Three indicators are used to measure the capacity of the cooperating sponsors to:

- (1) Design food security monitoring and evaluation (M&E) systems;

- (2) Implement food security M&E systems; and
- (3) Achieve food security results.

The targets set for indicators of the first two areas were met or exceeded during FY 1997, and a baseline for the indicator of the third area was established.

M&E System Design: The CSs have made progress in improving the M&E components of their Title II multi-year Development Activity Proposals (DAP). Approximately three-quarters of the new approved DAPs for FY1998 incorporated performance indicators to demonstrate the impact of the activity on the food security of vulnerable populations. This exceeds the FY 1997 target by 50%.

Improvements in Proposal Guidelines, continued institutional strengthening and the feedback that that is a constant part of the FFP’s work with cooperating sponsors have led to the qualitative improvements in program design as reflected in activity proposals. Technical assistance on M&E system development and implementation was also provided through the Food Security and Nutrition Monitoring (IMPACT) project—a joint endeavor with USAID’s Global Bureau Office of Health and Nutrition to enhance food assistance M&E.

Implementing M&E Systems : To enable USAID to report on impact of Title II development activities, baseline data on selected indicators are being collected. While CSs often do not have the resources to complete baseline studies before activities have begun, they are now expected to complete baseline studies and determine performance targets during the first year of implementation. During FY 1997, 88% of the DAPs met this requirement. This significantly exceeded the FFP team’s FY 1997 target of 60%. The target for FY 1998 was adjusted accordingly, and team fully expects that all activities will meet this challenge by FY 2000.

Achieving food security results: The impact of food assistance activities on food security

Performance Indicator 2.1 DAPs include M&E indicators and targets		
FY	Planned	Actual
1996	baseline	20%
1997	50%	73%
1998	83%	
1999	92%	
2000	92%	

Performance Indicator 2.2 Baseline Study completed		
FY	Planned	Actual
1997	60%	88%
1998	90%	
1999	95%	
2000	100%	

objectives is reported in end-of-year results reports submitted by cooperating sponsors. While approximately 40% of the results reports for FY 1997 did not report on performance indicators, many of these were pre-1996 activities that were funded before the shift in focus to reporting food security impacts. Of the 60% of activities that did report on food security impacts, on average targets were achieved in 69% of the cases. Results from ACIDI activities in Cape Verde illustrate impact targets and achievement:

Performance Indicator 2.3 Impact targets achieved		
FY	Planned	Actual
1997	Baseline year	69%
1998	75%	
1999	80%	
2000	90%	

- In 90% of soil and water conservation activities, results exceed targets.
- Soil erosion on rain fed land was reduced by 71% and 38,460 m³ surface area was reclaimed for cultivation.
- Per capita income improved by 111% in rural households working with income-generating farmer associations (115% for women-headed households).

The FFP Strategic Plan **Intermediate Results (IR) indicators** are designed to measure:

- (a) The capacity of the BHR/Food for Peace team, USAID Missions and CSs to design, manage and support food assistance programs (IR 2.1); and
- (b) Improved integration of food assistance activities with other in-country activities, Mission objectives and with other donor strategies (IR 2.2).

BHR/FFP, USAID MISSION AND CS CAPACITY

Results associated with Intermediate Result (a) recorded the strengthened technical capacity of the BHR/FFP team, in-country USAID Missions and cooperating sponsors. The FY 1998 DAPs as submitted demonstrated in particular an improved CS capability for problem assessment, program design and M&E activities. While only 27% of the new proposals met all review criteria, as opposed to the target of 50%, the team expects to reach its 60% target for FY 1999 proposals.

USAID evaluates **cooperating sponsors' technical capacity** based on: 1) their ability to implement Title II development activities; and 2) measure and report on the impact of activities. According to these criteria, 67% of CSs are considered to have demonstrated adequate technical capacity. ISA funds for training and strengthening CS headquarters staff, and Section 202(e) funds for technical assistance to in-country staff are seen as key to continued improvement.

USAID Missions have also continued to expand their food assistance management capability. Consistent with the decentralization goals of its re-engineering strategy, the USAID Food for Peace Office is delegating decision-making and Title II development resource allocation to selected USAID Missions.

P.L. 480 TITLE II DELEGATION OF AUTHORITY TO FIELD MISSIONS

Memoranda of Understanding (MOU) between FFP and selected Missions will give the Missions approval authority for ongoing Title II previously approved (PAA) activities. Eventually, FFP expects to extend approval authority for new activities as well. The process of negotiating an MOU requires the USAID Mission and FFP Washington to review and resolve any concerns over Mission's staffing and technical capacity; the MOU is, moreover, intended to enhance the integration of Mission and CS activities.

Of the six candidates for delegation, the Mission in Haiti has signed an MOU. MOUs have also been negotiated with USAID Missions in Mozambique, India, Bangladesh and Peru and are expected to be signed early in FY 1999. USAID Ethiopia is currently reviewing its capacity to assume expanded responsibility for re-authorizing Title II food assistance activities.

The BHR/Food for Peace team received positive reactions from cooperating sponsors for the quality of the DAP/PAA Guidelines. Specifically, CSs said that the guidelines more clearly communicate FFP's expectations, requirements and acceptance criteria for proposals. The FFP team has worked closely with the Food Aid Consultative Group (FACG) to make the Guidelines more useful to CSs. (See Section V on the Food Aid Consultative Group).

In order to have the intended impact on proposal quality, the DAP/PAA Guidelines must be issued in a timely manner. The final FY 1999 DAP/PAA Guidelines were issued in January 1998, three months earlier than the previous year. The FY 1999 guidelines were also issued in both hard copy and electronically for easier access and formatting.

The BHR/FFP team received good or excellent ratings from almost 80% of CSs who responded to the annual survey for FFP's technical support in M&E, program management and logistics. While the timeliness of BHR/FFP processes face acknowledged staffing constraints, steps are being taken to increase efficiency to the extent possible. Internet access to program legislation, policy, regulations and commodity tracking through the USAID Web page have streamlined communications between BHR/FFP and its partners.

INTEGRATION WITH OTHER ACTIVITIES AND STRATEGIES

Consistent with the USAID policy, the BHR/FFP team seeks to maximize integration of Title II activities with other USAID resources available in recipient countries and to increase participation by national/local governments in supporting development activities. As an example of the latter, the government of India pays for all costs associated with internal transport, shipping and handling of Title II development commodities.

BHR/FFP encourages greater cooperation among USAID Missions, PVOs, international organizations, such as WFP, and other food assistance donors in carrying out country food security assessments and M&E activities. During FY 1998, joint M&E activities were carried out in four countries: Bolivia, Ethiopia, Mozambique and Peru. By coordinating M&E procedures, indicators and instruments, CSs engaged in similar Title II development activities in the same country can produce joint baseline studies and mid-term evaluations. This can only improve the quality and reduce the cost of M&E. Moreover, by increasing communication among Title II CSs, it may encourage better coordination in overall food assistance programming.

USDA-ADMINISTERED PROGRAMS

USDA is committed to improving the efficiency of food assistance project management. During FY 1998, USDA Foreign Agricultural Service Program Development Division (FAS/PDD) received a *Hammer Award for Reinventing Government* for their “cost-saving, red-tape cutting innovations in administering the Food for Progress program.” Over the course of the last two years, the Division has made significant improvements in Food-for-Progress review and approval processes and in streamlining cash advances to cooperating sponsors. Standardized formats for advance requests and final reimbursements and a Division-wide advance spreadsheet with all pertinent PVO and program information facilitate the approval process, tracking and reporting.

Improvements in processing and tracking led to tangible results. Overall administrative costs for the Food for Progress program were reduced by nearly \$1 million between 1997 and 1998. The number of people involved in the approval process was cut in half (from ten people to five), and the average time for advance approval was reduced from 41 business days to 7 business days. The Division was able to get 32 agreements signed by June 1998 with 15 additional agreements prepared for signature and expected by the end of the year. This is a significant improvement from an average 15 total agreements the Division processed annually in the last several years.

The USDA team continues to refine the proposal process for increased efficiency. Any changes to program regulations and standardized formats for proposals, budgets and results reports are available on-line for easy access by cooperating sponsors. USDA also runs workshops for PVOs each year to review any changes in proposal and reporting requirements.

The agreement-signing process for Title I was also improved during FY 1998. In the past, the majority of agreements were completed at the end of the year. This often created price pressures and delivery bottlenecks. The team made a concerted effort to complete agreements earlier in the year allowing purchases and deliveries to be spread out over the year. This has kept costs down and reduced delays in delivery of Title I commodities.

B. FOOD ASSISTANCE AND ENVIRONMENTAL IMPACT— COMPLIANCE WITH REGULATION 216

Starting in FY 1998, all Title II development food assistance activities will submit environmental documentation along with all new and follow-up proposals (DAPs and PAAs). This documentation shows that consideration has been given to avoid or lessen any potentially adverse impact the proposed activity might have on the environment. Submitting environmental documentation bring Title II food assistance programs into compliance with USAID's environmental procedures under *Title 22, Code of Federal Regulations, Part 216*, also known as 22 CFR 216, or simply Regulation 216.

Activities that may require an Environmental Assessment:

- Road construction and rehabilitation;
- Agricultural terracing, leveling or clearing;
- Sewage, irrigation, drainage, dam construction and other water management projects;
- Introduction of non-native plant species;
- Large-scale agricultural mechanization;
- Use of certain pesticides

Some Title II development activities, such as training and direct food distribution through hospitals or schools may have little or no impact on the environment. These activities require only brief documentation for compliance. Other activities with more potential impact will require an Initial Environmental Examination (IEE). These activities may still be acceptable if the proposal includes measures that will be taken to avoid or lessen any adverse environmental impact. In cases where there is potentially significant impact, the more extensive Environmental Assessment is required before the activity will be considered for USAID funding.

During FY 1998, the Environmental Working Group (EWG) was formed under the auspices of Food Aid Management with representatives from USAID BHR/Food for Peace, Africa Bureau and Food Aid Management (FAM) as well as a USAID Environmental Officer and an environmental expert from Catholic Relief Services. The working group developed a comprehensive manual and an easy-to-use field guide to help cooperating sponsors understand the implications of Regulation 216 on P.L.480 Title II food assistance programs. Information on whom must comply, how to fill out documentation and deadlines for compliance, as well as suggestions on monitoring and mitigation strategies included in the materials will ensure the accuracy and timeliness of environmental documentation. The field guide will also be available in French and Spanish.

To further assist CSs during FY 1998, the USAID Food for Peace team sponsored six workshops on Regulation 216 and documenting the environmental impact of food assistance activities. Four of these workshops were conducted in field locations—Ghana, Cape Verde, Honduras and Bolivia—and two were conducted in Washington, D.C. Approximately 40 representatives of PVOs, NGOs and IOs attended each of these workshops.

As of October 1, over 97% of new and follow-up proposals for FY 1999 activities had been submitted with the necessary documentation to be in compliance with Regulation 216. The process of analyzing and documenting environmental impact of their activities has led some CSs to redesign their activities. In Bolivia, for example, Food for the Hungry International (FHI) realized a road construction activity they were planning could have led to land and water degradation that would negatively impact local communities. FHI hence removed the road-building activity from their proposal for the region. Moreover, an FHI staff person was sent for training with a USAID Environmental Officer to improve the level of sensitivity to environmental issues in FHI program design. Compliance with Regulation 216 has caused similar reassessment of CARE's well water activity in Bangladesh and irrigation activities in Ethiopia proposed by several cooperating sponsors. CRS is currently conducting a more rigorous programmatic environmental assessment (PEA). Finally, Regulation 216 compliance has led to the establishment of a standardized environmental assessment (EA) for storage and pesticide use, and a USAID recommendation on insecticide usage/practices for grain storage. Botanical insecticides, which are much less harmful for the environment, are now being considered.

Cooperation among CSs extends scarce resources and hastens progress on regulation compliance. The IEE process has led to extensive cooperation among CSs to share lessons learned across their global programs. For example, CARE has shared an environmental assessment (EA) guide for road construction/rehabilitation with other CSs in Central and South America. This EA reviews the

**“Regulation 216”
Accomplishments in
FY 1998:**

- Comprehensive Manual with companion Field Guide on Regulation 216 developed.
- Six Workshops held in Ghana, Cape Verde, Honduras, Bolivia and Washington DC.
- Compliance with Reg. 216 over 97% as of October 1, 1998.

potential impacts of road construction/rehabilitation and suggests strategies to mitigate those impacts.

The environmental working group is planning activities for FY 1999 to move CSs beyond compliance with environmental policy to a more integrated approach to food assistance programming that incorporates sound environmental planning. Field based training will continue to provide assistance to CSs on programming design for improved mitigation and monitoring strategies. Training may also include special topics such as integrated pesticide management (IPM), soil conservation, small-scale irrigation, and water and waste management.

C. IMPROVED MONETIZATION MANAGEMENT

During FY 1998, the USAID FFP team, in conjunction with cooperating sponsors, made strides to improve management of food assistance that is sold in the recipient

country to generate local currency for the support of development activities. A monetization manual establishes federal requirements, agency policy and best practices for monetization of food commodities in the context of Title II food assistance programs.

Monetization guidelines were also emphasized in the 1998 Food Aid Managers' Course, an eight-day training course attended by 30 participants including USAID and PVO staff from 14 countries.

Food assistance remains an important tool for development activities that can improve long-term food security in part because it can be *monetized*. Cooperating sponsors market some or all of food aid in the recipient country in order to raise local currency for support of the development activities in those countries.

Monetization-supported activities must conform to the food aid and food security policy guidelines, address underlying causes of hunger and seek to improve long-term food security through sustainable development objectives:

- Agricultural production improves when poor farmers have access to agricultural extension services that are supported by funds from monetized food assistance.

**Monetization
Management
Accomplishments, FY
1998:**

- Monetization Manual completed;
- Food Aid Management Training brings monetization training to 30 field staff.

- Nutrition education programs to improve household dietary practices often tap monetization proceeds.
- Funds may also be used to provide credit for micro-enterprises that can help alleviate poverty.
- Cash from monetized commodities is increasingly used to cover management and logistical costs for moving food aid in recipient countries formerly covered by direct dollar support, which has declined in recent years.

While monetization means that a portion of food assistance is not distributed directly to targeted beneficiaries, monetized food assistance still plays a role in improving the availability of food in recipient countries. Monetized food assistance increases the overall supply of food in recipient countries that may not have otherwise imported food commercially for lack of adequate foreign currency reserves. This is an important consideration given the current financial crises in many developing economies.

All cooperating sponsors are required to submit a Bellmon Determination Analysis with their Title II food assistance activity proposals. Recognizing the importance of the objectives behind the Bellmon Determination analysis, USAID's Office of Food for Peace has established the practice that before any Title II commodity is shipped, the Mission Director of the benefited country must certify that a current Bellmon Determination Analysis has been completed. The request with this certification must then be approved by the Director of USAID's Office of Food for Peace. Similarly, prior to shipment of Title III government-to-government food assistance, a Usual Marketing Requirements (UMR) analysis must be completed to determine that the bilateral food aid transfer will not disrupt trade patterns or market prices.

The increasing trend toward monetization has led to changes in the commodity mix channeled through P.L. 480 Title II programs. The Food Aid Consultative Group has been actively addressing the concerns of U.S. domestic producers and processors that supply P.L.480 commodities. Through the FACG, USAID and USDA will continue to work with CSs and producer and processor groups to identify strategies to minimize any negative impact the trend towards monetization has on

A Bellmon

Determination Analysis

is submitted with all food assistance proposals to show:

- The recipient country has adequate storage facilities;
- Food Aid will not disrupt domestic production or marketing.

A Usual Marketing Requirement (UMR)

analysis is conducted for all government-to-government agreements and in the case of third country monetization to ensure that P.L. 480 sales do not disrupt:

- World commodity prices; or
- Normal commercial trade patterns.

domestic producers and processors. (See discussion of FACG under Section IV of this report.)

In Guinea Bissau –Monetization of food assistance commodities in small lots allowed small and medium local trading companies to enter the bidding for those lots. This enabled them to compete with the country's largest trading company that had held near monopoly power in grain trade. More competition means a stronger market and better prices to consumers, and thus greater food security.

D. MICRO-NUTRIENT FORTIFICATION

The U.S. has been one of the global leaders to prevent and control micronutrient deficiency through fortification programs. Vitamin A deficiency is one micronutrient deficiency that has been targeted by U.S. international food assistance programs. Vitamin A deficiency can lead to reduced resistance to infection and increased risk of mortality. It is also the single most common cause of blindness in children in developing countries.

Vitamin A fortification has long been required in processed cereals, grains and blended foods (wheat flour, corn meal, corn-soy blend and wheat-soy blend) provided under the P.L. 480 program. Starting in November 1998, all vegetable oil procured for the P.L. 480 Title II program will also be fortified with vitamin A (retinol palmitate). The decision to fortify vegetable oil was based on a study by SUSTAIN, a USAID cooperating partner, and after consultation with nutritionists, commodity specialists and cooperating sponsors. Fortification of vegetable oil will be a cost-efficient and safe mechanism to supply vitamin A to recipients at recommended levels. In the edible oil medium, vitamin A is stable in shipment and in cooking.

USAID and USDA continue to work with producers and cooperating sponsors to conduct research to improve the quality of food assistance commodities. Improvements are being made in fortification stability during transport and cooking, and in the uniformity of fortification throughout a commodity shipment.

FY 1998 Accomplishment in Micro-nutrient Fortification:

A decision was taken that all P.L. 480 Title II packaged vegetable oil will be fortified with Vitamin A as of November 1998.

In FY 1998, Title II activities targeted 143,000 MT of vegetable oil to vulnerable groups worldwide.

E. IMPACT EVALUATIONS—LESSONS LEARNED

During 1998, USAID's Center for Development Information and Evaluation (CDIE) completed an examination of the role of U.S. food aid in contributing to sustainable development. CDIE carried out fieldwork in five countries: Bangladesh, Ethiopia, Ghana, Honduras and Indonesia. A sixth desk study focused on Africa's Sahel, covers the nine countries of that region. In each case, CDIE wished to examine whether food aid has had a positive economic and social impact, helped maintain political and social stability, and has benefited the poor. The studies also examined the degree to which food assistance may have created a disincentive to domestic food production and marketing. Finally, CDIE addressed the effectiveness of food aid to dollar aid.

CDIE has now published impact evaluations on these five countries and one region, plus a synopsis of these studies entitled *U.S. Food Aid and Sustainable Development: Forty Years of Experience*. These reports offer insight into the role of U.S. international food assistance in sustainable development and recommendations for the effective use of food assistance to promote long term global food security.

Food Aid Impact Evaluation Completed in FY 1998

Six CDIE Food Aid Impact Evaluations were completed on 14 countries:

1. Bangladesh;
2. Ethiopia;
3. Ghana;
4. Honduras;
5. Indonesia
6. African Sahel Region—
Burkina Faso, Cape Verde, Chad, Gambia, Guinea-Bissau, Mali, Mauritania, Niger and Senegal

U.S. Food Aid and Sustainable Development: Forty Years of Experience synthesizes lessons learned and offers recommendations for effective food assistance.

CONCLUSIONS AND RECOMMENDATIONS FROM FORTY YEARS OF FOOD AID EXPERIENCE

1. **Economic Policy Reform.** An appropriate policy environment is fundamental for achieving long-term sustainable development. Food assistance can support sound economic policy reform. However, it can hamper sustainable development if it permits governments to avoid economic reform. Thus experience shows that *food assistance should be programmed in those countries that need it providing they have in place (or are putting in place) an economic policy environment to stimulate agricultural growth and food security.*
2. **Budgetary Resources.** Investments in sustainable agriculture and rural infrastructure are fundamental to achieving long-term economic growth in most low-income countries. Local currency generated from the sale of food

aid is a useful source of additional funds for investing in agriculture and food security. *Proceeds from the sale of food aid can support the overall budget or key sectors of a development-oriented government; or food aid can be monetized to support discrete activities, including well-designed NGO- and donor-sponsored projects.*

- 3. Disincentive Effect.** Targeting food aid to those who lack purchasing power to buy food increases consumption and incomes without depressing domestic food production. But providing large quantities of food aid for sale on the open market at the wrong time of year can depress domestic grain prices and discourage production. *Careful analysis of the potential disincentive effect of food aid, through the congressionally mandated Bellmon Determination and Usual Market Requirement analyses, can avoid this negative outcome.*
- 4. Nutrition.** It is difficult to isolate the effect of food aid on the nutritional status of children under 5. However, maternal and child health (MCH) feeding programs are found to contribute to health and nutritional status of vulnerable populations when combined with complementary measures, such as clean water, immunization and sanitation. Moreover, MCH programs appear to improve mothers' knowledge of health and feeding practices, indirectly impacting child health and nutrition. The study also concluded that school-feeding programs achieve educational objectives, while nutritional impact is more difficult to discern. *Thus, food aid supplements to improve children's' nutrition should be provided in conjunction with related interventions. Food aid supplements should be provided to achieve educational objectives (and to improve children's nutrition) when it is cost-effective to do so.*
- 5. Equity.** Food aid is a successful vehicle for differentially benefiting low-income groups, either directly or indirectly. *Food aid can reach the poor directly through food-for-work activities; targeting relatively poor geographic regions and using self-targeting commodities further ensures aid gets to the neediest. Indirectly, food aid can benefit the poor when supplied to a government that is committed to an equity-oriented economic growth strategy that emphasizes investments in agriculture and rural infrastructure.*
- 6. Efficiency.** While the most efficient way to transfer resources is generally as financial aid rather than food aid, in reality the two resources are not fungible. *Therefore, food aid should be provided to countries that need food, not because it is necessarily the most efficient way to transfer resource, but because food is more likely to be available than financial aid.*

Source: *U.S. Food Aid and Sustainable Development: Forty Years of Experience*, USAID/CDIE, October 1998.

V. U.S. INTERNATIONAL FOOD ASSISTANCE: IMPACT ON THE U.S. ECONOMY

While U.S. international food assistance is grounded in American humanitarianism, it also benefits the U.S. economy both directly and indirectly. International food assistance has always been, in part, a mechanism to channel the abundance of American agricultural potential. Used as food aid, American food abundance alleviates suffering in countries in crisis. But Americans benefit, too, as goods and services used to provide food assistance are purchased in the U.S. When food assistance is used to support development activities, it can alleviate poverty and promote economic growth in recipient countries. Research has shown that as incomes in developing countries rise, consumption patterns change and imports increase. In short, aid leads to trade, and Americans stand to benefit from this as well.

A. DIRECT GAIN—BENEFITS TO U.S. PRODUCERS, PROCESSORS, PACKAGERS AND TRANSPORTERS

The U.S. government commits approximately one half of one percent (0.5%) of its total budget to foreign assistance annually. Of this, approximately 80% of assistance funds are spent in the U.S. to purchase goods and services from American businesses all over the country (Global Alliance for International Development, *Global Markets and Foreign Assistance*, July 1997). In terms of international food assistance, farmers all across the country produce the millions of dollars worth of agricultural commodities that are purchased for P.L. 480 programs. Bulk agricultural commodities are purchased from U.S. brokers. Wheat flour, corn meal, vegetable oil and other processed food products, such as corn-soy-blend, are produced by American processing manufacturers. Processed commodities are packaged in bags, tins and other containers that are produced and printed in the U.S. Finally, commodities travel from producer and processor to port, where they are loaded for shipping to recipient countries almost exclusively on ships sailing under U.S. flag.

Information from an informal industry/supplier survey provides insight into the impact that a purchase of packaged vegetable oil for P.L. 480 has on jobs in the

U.S. Beneficiaries from U.S. International Food Aid:

- Agricultural Producers;
- Processors: Millers, Edible Oil refiners, etc.;
- Packaging Manufacturing;
- Rail and Motor Transport Lines;
- Ocean Commercial Shipping Lines; and
- Ports.

U.S. The estimated benefit to American producers, processors, packaging and transportation sectors from the purchase of 50,000 MT of packaged vegetable oil is as follows:

- Value-added market for 275,000 acres of **Minnesota** soybeans;
- Six months total production of a medium-sized **Iowa** soybean oil refinery;
- One year full employment for a **Tennessee** vegetable oil packaging plant;
- Four months production for an **Illinois** metal container manufacturer;
- Three days production for an **Indiana** steel mill;
- Four months production for an **Alabama** corrugated shipping container manufacturer;
- One month full employment for longshoremen at a major **Louisiana** port;
- Eight months sailing for a U.S. flag vessel;
- Multi-state transportation impact—700 rail carloads of refined oil; 1,250 truckloads of packaging materials; 2,775 truckloads of packaged vegetable oil.

Some of the Top U.S. Ports of Export for P.L. 480 Commodities include:

1. **Houston, TX** (Jacintoport)
2. **Lake Charles, LA**
3. **Chicago, IL**
4. **Corpus Christi, TX**
5. **New Orleans, LA**
6. **Seattle, WA**
7. **Milwaukee, WI**
8. **Sacramento, CA**
9. **Charleston, SC**
10. **Memphis, TN (Ilico)**

Over 900,000 metric tons of commodities are transported each year to final port of export Class I railroads lines, including:

Union Pacific

Burlington Northern Santa Fe

Norfolk Southern

CSX Transportation

Kansas City Southern

Class II Railroads, the Motor Carry Industry and Intermodal Marketing Companies also benefit from P.L. 480 commodity transport.

95% or more of P.L. 480 commodities were shipped on vessels of major U.S. ocean transport companies, including:

Waterman Steamship (NY)

Sealift, Inc. (NY)

American President Lines (CA)

Farrell Lines (NY)

Sea-Land (NJ)

(Source: William Hudson, Vice President, CalWestern Packaging Corp., 1998)

Perhaps most self-evident are the benefits from P.L. 480 purchases to large agricultural producer states such as Kansas, Nebraska, Iowa, Oklahoma, Washington, North and South Dakota and Indiana. However, the benefits are actually distributed more broadly across the U.S. Fortificants that are added to commodities to combat micro-nutrient deficiencies in beneficiary populations are purchased from companies in Connecticut, New Jersey, Missouri, Tennessee, Kansas and Illinois. Bags and other containers are produced in Ohio, Arkansas, Utah, Missouri, Kansas, Iowa, Texas, California and Florida. Depending on the location of the processing facility and the final destination, the commodities may be shipped out of one of 14 ports in Texas or out of ports in Louisiana, Florida, Tennessee, North and South Carolina, California or Washington State.

Corn-Soy Blend: Some of the processed corn-soy blend that is used for emergency feeding programs is produced in **Illinois** and **Nebraska** from raw commodities produced in those states and in **Indiana, Iowa, Missouri** and **Kansas**. Micronutrients purchased from companies in **New Jersey, Tennessee** and **Connecticut** are added. The corn-soy blend is packaged in 25 kilo bags specially printed for the P.L. 480 program by a firm in **Illinois, Missouri** or **Minnesota**.

Wheat Flour: A wheat flour producer, headquartered in Kansas City, **Missouri**, buys raw commodities from producers in **Georgia, Virginia** and **North and South Carolina** as well as producers in the Midwest. These commodities are processed at a mill in North Carolina. The flour is then packaged in bags from **Texas, California** or Missouri. Finally the flour is transported by train or truck to a port in North or South Carolina, **Florida** or **Louisiana** for shipment to the recipient country. Flour processed at the company's Missouri mill is likely to be shipped out of a port in **Texas**.

Rhodia, Inc. in Cranbury, NJ produces food grade Tricalcium Phosphate that is added to blended foods such as corn-soya blend. The company's manufacturing facility is located in Illinois; raw materials are purchased from Louisiana and Missouri.

All across the country, many Americans benefit directly from the purchase of goods and services used for international food assistance. Millions more, however, benefit when international food assistance promotes the development that helps aid recipients become commercial importers of American commodities.

Information for this section was contributed by Betsy Faga, President of the North American Millers' Association, Bob Sindt of Burditt and Radzius.

B. INDIRECT GAIN—THE WIN/WIN OF INTERNATIONAL FOOD ASSISTANCE

U.S. agricultural relies increasingly on exports, and specifically on the growth of markets in developing countries. Currently, production from more than a third of all harvested acreage is exported, including an estimated 55% of wheat, 43% of rice, 35% of soybeans and 18% of corn (CRS Issue Brief, Hanrahan, 1998). These exports translate into jobs for Americans both in farm and non-farm jobs. USDA estimates that agricultural exports generated an estimated 895,000 full-time civilian jobs, over half in the non-farm sector. Developing economies are proving to be greatest area of market growth for U.S. agricultural exports. Approximately half of all U.S. agricultural exports now go to developing economies, mostly countries in Asia. This trend is likely to continue as developing countries are expected to more than double net cereal imports by 2020 as a result of population and income growth (Pinstrup-Anderson and Cohen, IFPRI Brief 56, Oct. 1998).

Food assistance programs aimed at long-term food security frequently address the problem of food *access* issues by targeting rural poverty. These programs might

include agricultural development, micro-enterprise credit or other activities. As farmers and other rural residents produce more and earn more, they demand more goods and services, stimulating employment and income generation in other sectors. Moreover, experience has shown that as incomes rise, consumption patterns change. People consume more meat, milk and processed foods. Domestic production generally cannot keep up with demand, so imports—including agricultural imports— increase. A International Food Policy Research Institute study shows that each dollar increase in developing-country farm output leads to 73 cents in new imports, including 17 cents of agricultural imports and 7 cents of cereal imports (IFPRI, June 1995).

Many of our largest trading partners are former aid recipients. In 1998, 28 of the top 35 importers of U.S. agricultural commodities are former or current food assistance recipients. This list includes Japan and many of the European countries that received assistance after World War II. It also includes more recent emerging markets such as Mexico, South Korea, Egypt and the Philippines. Foreign assistance promotes the growth, creates linkages and establishes commodity preferences that can lead to more secure trade relationships once a country that makes the transition from aid recipient to trading partner. South Korea is a good example of a country that made that transition. Once one of the leading recipients of U.S. assistance, South Korea no longer receives any aid from the U.S. and was the fourth largest importer of U.S. agricultural products in 1998 despite the current financial crisis in that country.

Former or current food aid recipients comprised 28 of the 35 top importers of U.S. agricultural products in 1998.

The Asian financial crisis has highlighted the importance of an emerging market like South Korea to the U.S. agricultural sector. The crisis has already had an impact on agricultural export earnings. While overall U.S. agricultural exports were about \$2.5 billion, or almost 5%, lower in August 1998 than in August 1997, exports to Asia had fallen by 25% (USDA/FAS, *BICO Report*, 1998). Short-term humanitarian food assistance, such as the President's Food Initiative (July 1998) addresses the pressing need in a number of troubled countries. At the same time, it supports American producers threatened by downward pressure on commodity prices (see Section III on the President's Food Initiative). Countries currently experiencing humanitarian crisis will likely recover and return as (or become) trading partners. In short, U.S. international food assistance eases their collective recovery, while supporting our own long-term interest in healthy trading partners.

Inter alia, President Clinton's trip to Africa in the spring of 1998 and subsequent visits by Treasury Secretary Rubin, Commerce Secretary Daley and Transportation Secretary Slater underscored Africa's potential as a market for increased U.S. trade and investment. By providing food assistance to the people in African countries struggling to overcome cycles of natural and man-made crises, we are committing an act of good will. We are also supporting regional economic development and growth that will provide mutual benefit as trade expands between the U.S and African countries.

C. U.S. STAKEHOLDERS WORKING TOGETHER FOR BETTER RESULTS

Food Aid Consultative Group Members and Regular Participants:

Cooperating Sponsors
(All Full Members) ADRA, ACDI/VOCA, Africare, American Red Cross, CARE, Caritas del Peru, Catholic Relief Services, The Citizens Network for Foreign Affairs, Coalition for Food Aid, Cooperative Housing Foundation, Counterpart International, OIC International, PRISMA, Project Concern International, Relief Society of Tigray, Save the Children Federation/USA, TechnoServe, World SHARE Inc., and World Vision, Inc.

Producer Groups
Official Members: North American Millers' Association, Land O'Lakes, Dry Bean Council, U.S. Wheat Associates.

Regular Participants: USA Dry Pea and Lentil Council, Seaboard Corporation, International Food Additives Council, The Potato Board.

The **Food Aid Consultative Group (FACG)** is an important forum for communication and problem solving between the three key U.S. stakeholder groups in international food assistance: the U.S. government, as represented by USAID and USDA officials, cooperating sponsors and commodity producer groups. The 1990 Farm Bill established the FACG to regularly review and address issues concerning the effectiveness of regulations and procedures that govern Title II food assistance programs.

As originally organized, FACG served as a mechanism for PVOs to share their experiences and ideas in order to improve delivery systems and enhance accountability in implementing food assistance. The 1996 Farm Bill reauthorized the FACG, expanded it to include representatives of agricultural producer groups and required that the group meet formally at least twice a year.

Over the seven years of FACG operation, various working groups have been formed to address issues and provide input for U.S. food assistance policies and practices. These working groups meet more frequently and report back to the larger group at the semi-annual meetings. Working Groups have focused on such topics as:

- Policy and Program Coordination;
- Monitoring and Evaluation Costs and Requirements;
- Monetization;
- Capacity Building;
- Transportation; and

FACG U.S. Government Representatives:

Official Members: USAID Assistant Administrator, Bureau for Humanitarian Response (for the USAID Administrator); USAID Inspector General; USDA Foreign Agricultural Service/Export Credits (for the Undersecretary of Agriculture/FAS).

Regular Participants: USAID Food for Peace Director and staff; USDA Foreign Agricultural Service/ Program Planning Division.

- Relief to Development Transitions

FACG played a pivotal role in streamlining, clarifying and ensuring timely release of the FY 1999 P.L. 480 DAP and PAA Proposal Guidelines. A working group participated in the review of the Guidelines, providing valuable insight that improved the quality of guidance and practicality of information.

Communication and coordination between U.S. international food assistance stakeholders were further enhanced by the first **Export Food Aid Conference** sponsored by USDA in October 1998. Held in Kansas City, location of the USDA Commodity Procurement Office, the conference brought together 250 representatives from USDA, USAID, cooperating sponsors, commodity producers, processors and transportation lines. The two-day conference covered all aspects of international food assistance provision. PVOs shared their experiences of implementing programs on the ground in foreign countries. Producers, processors and transportation lines explained their perspectives on providing and moving food assistance commodities. USAID and USDA representatives gave overviews of program objectives, directions and logistics. Panel-style discussion allowed each group to better understand the needs and concerns of the others.

The conference provided a valuable mechanism for improving the understanding necessary for improving coordination and increasing effectiveness in food assistance programming. USDA received high ratings for their coordination of the conference; many hope it will become an annual event.

APPENDICES

1. Basic U.S. Food Aid Programs: Descriptions
2. U.S. Foreign Assistance Budget FY 1998
3. P.L. 480 Title I, Title I-Funded Food for Progress & Title III Activities: Summary Budget, Commodity and Tonnage Tables
4. P.L. 480 Title II Emergency Activities: Summary Budget, Commodity and Tonnage Table
5. P.L. 480 Title II Development Activities Summary Budget, Commodity and Tonnage Table
6. CCC-funded Food-for-Progress: Summary Budget Commodity and Tonnage Table
7. Title II Emergency Activities Targeted Populations Table
8. Title II Development Activities Components Table
9. Section 202(e) and Institutional Support Grant (ISG) Funding FY 1998
10. Title II Congressional Mandates

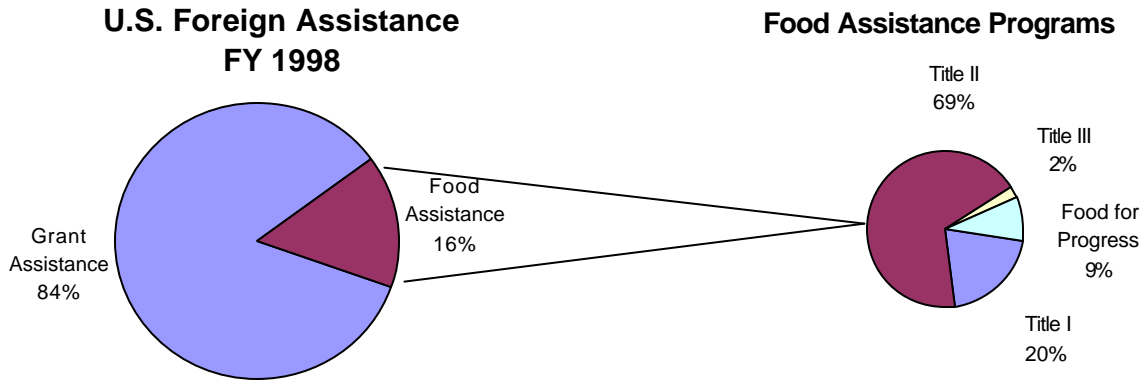
Basic United States Food Aid Programs

Programs	Sponsor	Purpose
TITLE I	USDA	Concessional commodity sales through long-term loans.
TITLE II	USAID	Development and Emergency Relief Programs in partnership with PVOs, NGOs, WFP and Government-to-Government (emergency only).
TITLE III	USAID	Government-to-Government commodity donations to least developed countries linked to policy reforms.
Section 416(b)	USDA	Surplus commodities to PVOs, NGOs, WFP, Government-to-Government, donated to accomplish foreign food aid objectives.
Food for Progress	USDA	Commodity donations offered to emerging democracies/developing countries that have made commitments to introduce or expand free enterprise elements in their agricultural economies. Agreements may be entered into with governments of such countries, PVOs, NGOs, private entities, cooperatives, intergovernmental organizations.
Food Security Commodity Reserve	USDA/USAID	A four million metric ton reserve that can be tapped to meet emergency humanitarian food needs in developing countries.

**U.S. Foreign Assistance
Fiscal Year 1998 ('000)**

Grant Assistance		\$ 6,602,515
Economic Support Fund	\$ 2,419,928	
Development Assistance	\$ 1,860,634	
SEED/NIS*	\$ 1,256,074	
International Disaster Assistance	\$ 190,298	
Peace Corps	\$ 225,581	
Migration and Refugee Assistance	\$ 650,000	
Food Assistance Programs		\$ 1,219,096
Title I	\$ 205,261	
Title II	\$ 888,800	
Title III	\$ 29,900	
Food for Progress	\$ 84,235	
Farmer-to-Farmer	\$10,900	
<hr/>		
Total U.S. Foreign Assistance		\$ 7,821,611

Source: USAID/FFP 12/03/98; USDA/FAS 12/21/98



Public Law 480 Title I and Title III Programs, FY 1998

Title I Programs*			
Country	Commodity	Metric Tons	Value
Angola	Rice, Vegetable Oil, Wheat	42,730	8,236,510
Armenia	Wheat	90,790	13,282,260
Bolivia	Wheat	52,980	6,579,960
El Salvador	Tallow, Vegetable Oil	9,250	4,713,260
Eritrea	Sorghum, Wheat	83,150	10,000,000
Georgia	Wheat, Vegetable Oil	80,230	13,357,490
Guatemala	Tallow, Wheat	18,230	4,378,680
Guyana	Corn, SoyB. Meal, Wheat	52,570	7,602,170
Indonesia	Rice, Soybeans	79,440	21,999,610
Jamaica	Rice	13,180	5,000,000
Jordan	Wheat	146,700	17,999,890
Nicaragua	Tallow, Veg.Oil, Wheat	60,340	11,249,590
Peru	Wheat	74,900	9,999,910
Philippines	Soybean Meal	62,970	9,999,990
Sri Lanka	Wheat	75,980	9,999,950
Zimbabwe	Wheat	72,330	10,000,000
Total Title I		1,015,770	\$164,399,270

Title I Programs: Food for Progress*			
Country	Commodity	Metric Tons	Value
Albania	Vegetable Oil, Wheat	31,300	7,198,250
Bangladesh	Wheat	50,000	5,963,500
Bosnia-Herzegovina	Wheat	51,100	6,181,470
Mongolia	Wheat Flour	21,430	3,123,640
Mozambique	Wheat	25,000	3,498,500
Kyrgyzstan	Soybeans, Vegetable Oil	34,000	9,957,770
Tajikistan	Vegetable Oil, Wheat	38,000	4,939,240
Total Title I: Food for Progress		250,830	\$40,862,370

Title III Programs**			
Country	Commodity	Metric Tons	Value
Eritrea	Wheat	24,750	5,000,000
Ethiopia	Wheat	50,160	9,899,800
Haiti	Wheat, Wheat Flour	47,230	10,000,000
Mozambique	Wheat	18,870	4,999,800
Total Title III		141,010	\$29,899,600

*Source: USDA/FAS 11/04/98

**Source: USAID/BHR/FFPIS 12/04/98

P.L. 480 TITLE II EMERGENCY PROGRAMS IN FY 1998

COUNTRY	SPONSOR	COMMODITY	RECIPIENTS ¹ (‘000)	TONNAGE (MT)	VALUE ² (\$’)
Angola	CARE	Beans, Corn, Veg. Oil	80	5,840	\$3,023,900
	CRS	Bulgur		-	\$16,600
	SCF*	Beans, Corn, Veg. Oil	222	2,910	\$2,475,400
	WFP/PRO*	Beans, Corn, CSB, Lentils, Peas, Veg. Oil		35,550	\$21,519,000
	WVI*	Beans, Corn, Veg. Oil	261	11,360	\$6,809,600
	FFP/EOS ³	Not Applicable (NA)	NA	NA	\$205,600
Albania	WFP/IEFR	Beans, veg. Oil, Wheat Flour	40.0	970	\$607,400
Algeria	WFP/PRO	Wheat Flour		1,500	\$724,200
Bosnia-H	ADRA*	Wheat, Beans, Veg. Oil	30	3,820	\$1,668,000
	ARC	Beans, Veg. Oil, Wheat Flour	75	9,530	\$5,241,900
	CRS*	Beans, Veg. Oil, Wheat	30	9,620	\$3,201,600
	WFP/IEFR	Beans, Veg. Oil, Wheat Flour	250	8,550	\$4,871,400
Bulgaria	ARC	Beans, Veg. Oil, Rice, Wheat Flour	60	3,440	\$2,843,700
	CRS	Wheat Flour	20	7,200	\$2,841,800
Burundi	WFP/IEFR*	Beans, CSB, Lentils, Peas, Cornmeal (Regular [R] & Soy-fortified[S-F])	345	22,000	\$13,792,700
Cameroon	WFP/IEFR*	CSB	210	2,000	\$1,299,100
Djibouti	WFP/PRO	Wheat Flour		930	\$434,300
Ethiopia	GTG ⁴	Sorghum, Wheat	2	75,000	\$24,004,000
	REST	Veg. Oil		430	\$1,600,700
	WFP/PRO	Wheat		23,300	\$7,686,500
Indonesia	ADRA	CBS, Rice	30	3,520	\$2,018,500
	CARE	Rice	125	18,200	\$10,967,700
	CRS	CSB, Rice, Wheat Soya Blend (WSB)	125	13,540	\$7,638,700
	CRS	Rice	80	6,000	\$3,246,000
	CWS	Rice	38	3,580	\$2,436,500
	WFP/IEFR*	WSB, Rice	284	38,660	\$21,298,500
Kenya	WFP/IEFR*	Beans, Corn, Peas, Veg. Oil	930	8,390	\$4,195,800
	WFP/PRO	Beans, CSB, Corn, Sorghum, Veg. Oil		24,850	\$12,430,400
Korea (DPRK)	CARE*			-	\$890,300
	WFP/IEFR*	CSB, Corn, Rice, Cornmeal (S-F)	7,460	200,000	\$71,983,700
Liberia/Region	CRS*	Bulgur	149	6,030	\$5,220,100
	WFP/PRO*	Beans, Bulgur, CSB, Peas, Veg. Oil		34,310	\$25,336,100
	FFP/EOS ³	Not Applicable (NA)	NA	NA	\$1,500
Mali	WFP/PRO*	Cornmeal		980	\$595,800
	FFP/EOS ³	Not Applicable (NA)	NA	NA	\$322,200
Nepal	WFP/PRO	WSB		1,000	\$642,800
Nicaragua	WFP/IEFR*	Beans, CSB, Rice, Veg. Oil	323	5,860	\$3,489,700
Niger	CRS	Sorghum	15	2,000	\$780,600
Pakistan	WFP/PRO	Veg. Oil		1,050	\$1,237,500
Rwanda	CRS*	Beans, CSB, Cornmeal, Peas, Veg. Oil	23	1,930	\$1,822,900
	GTG ⁴	Cornmeal, Veg. Oil, Wheat, Wheat Flour		24,280	\$7,694,600
	ICRC	Beans, Cornmeal	12	1,700	\$1,197,700
	WVI*	Beans, Corn, Cornmeal (S-F), Veg. Oil	45	3,990	\$3,562,300
	WFP/IEFR*	Beans, Lentils, Peas, Cornmeal (R&S-F), Veg.	596	23,000	\$15,128,500
	FFP/EOS ³	Not Applicable (NA)	NA	NA	\$246,700

COUNTRY	SPONSOR	COMMODITY	RECIPIENTS ¹ (‘000)	TONNAGE (MT)	VALUE ² (\$’)
Serbia	ARC	Beans, Veg. Oil, Wheat Flour	55	6,160	\$3,588,500
	CRS	Beans, Rice, Veg. Oil, Wheat Flour	252	9,620	\$4,891,900
	MCI	Veg. Oil, Wheat Flour	60	3,420	\$1,167,300
	WFP/IEFR	Beans, Veg. Oil, Wheat Flour	50	410	\$205,700
Sierra Leone	CARE*	Bulgur, Lentils, Veg. Oil	338	4,170	\$4,115,400
	CRS*	Bulgur, CSB, Lentils, Veg. Oil	108	12,830	\$8,068,600
	WFP/PRO*	Bulgur, CSB, Cornmeal, Peas, Veg. Oil		26,040	\$16,109,900
	WVI*	Bulgur, CSB, Lentils, Veg. Oil	50	5,970	\$5,187,000
Somalia	CARE*	Corn, Sorghum	189	8,500	\$5,446,600
	WFP/IEFR*	Cornmeal	658	3,620	\$3,759,600
Sudan	ADRA	Lentils, SF Sorghum Grits, Veg. Oil	63	2,750	\$2,356,900
	CRS*	CSB, Lentils, Sorghum, Veg. Oil	413	13,010	\$9,771,900
	NPA*	Lentils, Sorghum, Veg. Oil	183	10,970	\$6,084,500
	WFP/IEFR*	CSB, Corn, Lentils, Peas, Sorghum,	4,539	23,110	\$34,233,500
	WFP/PRO	Veg. Oil		24,500	\$7,770,900
	WVI*	Lentils, Sorghum	128	7,710	\$5,566,100
Tajikistan	WFP/IEFR*	Veg. Oil, Wheat Flour	500	8,000	\$4,166,200
Tanzania	WFP/IEFR*	CSB, Corn, Peas	355	23,700	\$10,945,600
	FFP/EOS ³	Not Applicable (NA)	NA	NA	\$14,100
Uganda	WFP/IEFR*	CSB, Cornmeal, Peas	246	7,060	\$4,249,100
	WFP/PRO*	Corn, CSB, Peas, Sorghum, Veg. Oil		43,110	\$19,387,000
	WVI*	Wheat		5,270	\$2,100,000
Zambia	WFP/IEFR*	Sorghum	692	5,000	\$2,317,900
Unallocated, prepositioned		Beans, CSB, Lentils, Peas, Veg. Oil, Wheat		19,600	\$6,740,800
WORLDWIDE SHIPPED TOTAL			20,737	921,350	\$477,497,500
WORLDWIDE TOTAL⁵			20,737	921,350	\$481,924,700

1 Recipient Information not available for all activities.

2 Activity Values include Section 202(e) funds wherever sponsor is noted by an asterisk (*).

3 Food for Peace Emergency Operational Support/Personal Services Contracts (PSC).

4 Government to Government agreement.

5 Adjusted for confirmed fallout and unallocated commodities.

Source: USAID/BHR/FFPIS, 12/03/98

TITLE II DEVELOPMENT PROGRAMS IN FY 1998

COUNTRY	SPONSOR	COMMODITY	RECIPIENTS ¹ ('000)	TONNAGE (MT)	VALUE ² (\$)
Bangladesh	CARE*	Wheat	2,008	143,000	\$29,529,400
	WFP*	Wheat, Veg. Oil	1,530	40,480	\$8,687,800
Benin	CRS*	Bulgur, Veg. Oil, Wheat Soy Blend (WSB), Cornmeal	51	4,390	\$2,320,400
	WFP*	Rice, Peas, Veg. Oil	173	2,090	\$1,133,800
Bolivia	ADRA*	Lentils, Peas, Soy-fortified (SF) Bulgur, Wheat Flour, Corn Soya blend (CSB), WSB	115	15,140	\$7,082,000
	FHI*	Wheat Flour, CSB, SF Bulgur, SF Cornmeal, Peas,	45	9,100	\$4,246,000
	PCI*	Wheat Flour, CSB, SF Bulgur, SF Cornmeal, Peas	79	11,930	\$5,605,100
	WFP*	Wheat		5,080	\$1,566,300
Burkina Faso	CRS*	Beans, SF Bulgur, Rice, Veg. Oil	305	17,700	\$9,746,200
	WFP*	Peas, Rice, SF Cornmeal, Veg. Oil	370	8,590	\$4,878,000
Cape Verde	ACDI*	Beans, Corn, Rice, Veg. Oil, Wheat		23,050	\$5,710,900
	WFP*	Beans, Corn, Rice, Veg. Oil, Wheat	140	1,940	\$1,054,500
Chad	AFRICARE*	Wheat Flour		1,500	\$1,029,000
Cote D'Ivoire	WFP*	CSB, Cornmeal, Rice	410	2,140	\$1,171,100
Egypt	WFP*	Wheat Flour	80	4,000	\$1,340,300
El Salvador	WFP*	Corn, Rice	409	4,240	\$1,690,300
Eritrea	AFRICARE*	Veg. Oil		430	\$494,800
Ethiopia	CARE*	Veg. Oil, Wheat	7	19,490	\$7,011,300
	CRS*	Veg. Oil, CSB, Wheat, Bulgur, Rice, Wheat Flour, Lentils	151	20,220	\$9,386,000
	EOC*	Veg. Oil, Wheat	7	4,120	\$1,962,700
	FHI	Veg. Oil, Wheat	5	2,660	\$1,849,200
	REST	Veg. Oil, Wheat	18	8,320	\$3,853,900
	SCF*	CSB, Wheat, Veg. Oil	7	4,880	\$3,694,800
	WFP*	Wheat	1,860	10,000	\$2,873,100
	WVI*	Veg. Oil, Wheat	59	3,710	\$1,199,100
Gambia	CRS	CSB, Veg. Oil	33	2,680	\$1,735,500
	WFP*	SF Cornmeal	96	940	\$378,700
Ghana	ADRA*	CSB, Rice, SF Bulgur, Wheat	1	17,170	\$4,890,800
	CRS*	SF Sorghum Grits, Veg. Oil, CSB, WSB, Wheat	143	14,510	\$4,964,600
	TECHSRV	Wheat		16,900	\$4,140,500
	WFP*	Beans, Peas, Rice	62	1,700	\$878,900
Guatemala	CARE*	Rice, Veg. Oil, CSB, SF Bulgur, Soybean Meal	138	10,490	\$4,274,800
	CRS*	Beans, Rice, Veg. Oil, CSB, Soybean Meal	21	14,420	\$5,477,300
	FTC	Beans, CSB, Rice, Veg. Oil, Soybean Meal	4	830	\$316,200
	SHARE*	Beans, Rice, Veg. Oil, CSB, Soybean Meal	85	4,600	\$2,373,000
	WFP*	Veg. Oil	845	730	\$782,000
Guinea	AFRICARE*	Veg. Oil		550	\$961,800
	OICI*	Veg. Oil		800	\$1,256,100
Guinea Bissau	AFRICARE*				\$197,700
Haiti	ADRA*	Wheat Flour, SF Bulgur, Veg. Oil, Peas, WSB	167	17,070	\$6,148,200
	CARE*	Rice, Beans, Peas, SF Bulgur, Veg. Oil, Wheat Flour	356	26,580	\$10,247,500
	CRS	Wheat Flour, Peas, SF Bulgur, Veg. Oil, WSB, CSB	204	20,860	\$7,927,900
	WFP*	Wheat Flour, Rice, Peas, Cornmeal	1,156	2,320	\$906,500
Honduras	CARE*	Beans, CSB, Rice, Veg. Oil, Wheat	90	12,500	\$5,251,800
	WFP*	Rice	34	650	\$332,300
India	CARE*	CSB, Veg. Oil	6,605	140,000	\$71,156,800
	CRS*	Bulgur, Veg. Oil, CSB	653	47,170	\$21,256,700
	WFP*	CSB	2,202	13,000	\$5,935,700
Jordan	WFP*	Wheat	15	5,990	\$1,224,100

COUNTRY	SPONSOR	COMMODITY	RECIPIENTS ¹ ('000)	TONNAGE (MT)	VALUE ² (\$)
Kenya	ADRA*	Soybeans, Veg. Oil		1,440	\$1,258,900
	CARE	Soybeans		2,370	\$1,609,900
	CRS	CSB, Soybeans, Veg. Oil	27.5	2,500	\$1,504,200
	FHI*	Soybeans, Veg. Oil		1,220	\$888,600
	TECHSRV*	Soybeans, Veg. Oil		550	\$410,600
	WFP*	Peas, Corn	150	5,150	\$1,219,300
	WVI*	Soybeans, Veg. Oil		2,000	\$1,381,700
Lesotho	WFP*	Commeal	104	2,300	\$1,081,600
Liberia	WFP*	Bulgur	26	1,660	\$515,300
Madagascar	ADRA*	Veg. Oil		1,760	\$1,484,100
	CRS	CSB, Rice, SF Bulgur, Veg. Oil	73	7,270	\$3,879,700
	CARE*	Veg. Oil		1,300	\$1,123,300
	WFP*	Rice	33	1,900	\$971,400
Mali	AFRICARE	Wheat Flour		1,500	\$633,000
	WFP*	Cornmeal, Peas, Veg. Oil	72.6	3,610	\$2,223,300
Mauritania	DOULOS*	SF Sorghum Grits, Veg. Oil, WSB	25.2	1,910	\$1,075,400
	WFP*	Peas, Veg. Oil, Rice	104	2,920	\$1,506,800
Mozambique	ADRA*	Wheat		9,660	\$2,168,900
	AFRICARE*	Wheat		4,460	\$1,016,900
	CARE*	Wheat, Veg. Oil		9,940	\$2,337,100
	FHI	Wheat		10,070	\$2,265,800
	SCF*	Wheat		6,700	\$1,489,700
	WFP*	Beans, Peas, Veg. Oil	498	2,960	\$1,887,500
	WVI*	Wheat, Veg. Oil		50,580	\$14,538,400
Nicaragua	ADRA*	CSB, Veg. Oil	12	710	\$613,600
	PCI*	CSB, Veg. Oil, Soybean Meal	7	2,530	\$1,156,500
	SCF*	CSB, Veg. Oil	8	890	\$752,400
	WFP*	CSB	22	560	\$255,700
Niger	WFP*	Veg. Oil, SF Sorghum Grits, SF Cornmeal	138	5,160	\$2,698,500
Pakistan	WFP*	Veg. Oil, Wheat	248	17,000	\$5,444,100
Peru	ADRA*	Lentils, Peas, SF Bulgur, Veg. Oil, Wheat Flour, CSB	53	15,870	\$9,380,700
	CARE	Lentils, Rice, Veg. Oil, Wheat Flour	65	26,410	\$16,241,800
	CARITAS	Bulgur, Peas, Veg. Oil, Wheat Flour, CSB	498	25,660	\$14,353,700
	PRISMA	Bulgur, CSB, Peas, Veg. Oil	77	25,420	\$14,515,000
	TECHSRV	Veg. Oil		3,400	\$2,553,400
	WFP*	Bulgur, CSB, Peas, Veg. Oil	32	250	\$104,400
Uganda	ACDI*	Veg. Oil		4,000	\$4,793,600
	AFRICARE*	Wheat		3,570	\$1,373,900
WORLDWIDE APPROVED LEVELS				1,007,820	\$404,840,100
WORLDWIDE TOTAL³			23,010	1,007,820	\$406,875,300

1 Recipient information not available for all activities.

2 Activity Values include Section 202(e) funds wherever sponsor is noted by an asterisk (*).

3 Adjusted for confirmed fallout and unallocated commodities.

Source: USAID/BHR/FFPIS, 12/3/98

**U. S. Department of Agriculture (USDA) Programs: FY 1998
Commodity Credit Corporation (CCC)-Funded
Food for Progress Program**

Country	Sponsor	Commodity	Metric Tons	Value (\$)
Angola	Winrock	Wheat Flour	15,000	\$2,949,900
Armenia	AIA	Rice, Veg. Oil, Wheat	2,000	\$1,373,403
	ATG	Wheat	3,000	\$378,960
	FAR	Beans, Lentils, Peas, Rice, SF Rice, Sunflower Oil, Wheat Flour	3,000	\$2,131,451
	UMCOR	Dry Milk (Whole and Nonfat), Wheat, Soy Oil	3,000	\$3,279,900
Azerbaijan	ADRA	Rice, Soy Oil, Wheat Flour, Beans	5,900	\$2,582,789
	ARC	Soy Oil, Wheat Flour	1,100	\$414,935
Bangladesh	Winrock	Soybean Meal, Corn	10,000	\$986,760
Bosnia Herzegovina	IOCC	Soy Oil, Wheat	3,203	\$1,953,962
	IRC	Dry Whole Milk, Wheat, Veg. Oil	3,500	\$2,700,240
	MCI	Sunflower Oil	3,000	\$2,910,000
El Salvador	TECHSRV	Soybean Meal	6,000	\$1,072,440
Equatorial Guinea	IPHD	Beans, Rice, Soy Oil	982	\$475,679
Georgia	IOCC	Beans, Rice, Soy Oil, Sunflower Oil, Dry Whole Milk, Wheat Flour	4,500	\$2,493,089
Guyana	FFTP	CSB, Cornmeal, Nonfat Dry Milk, Beans	1,200	\$913,178
Haiti	Salesians	Beans, Soy Oil, Wheat Flour	7,150	\$3,309,489
Kazakstan	MCI	Soybean Meal, Veg. Oil, Corn	7,300	\$4,233,575
Kenya	Winrock	Soybeans, Wheat	20,000	\$2,529,600
Kyrgyzstan	ACDI/VOCA	Wheat	3,500	\$442,120
	AIA	Rice, Veg. Oil, Wheat Flour	3,000	\$1,454,630
	MCI	Rice, Soy Oil	2,000	\$1,465,448
Moldova	CNFA	Soybean Meal	8,000	\$1,429,920
	IPHD	Beans, Rice Soy Oil, Dry Whole Milk	1,200	\$1,534,245
Nicaragua	TECHSRV	Soybean Meal	5,000	\$893,700
Peru	CRS	Soy Oil	1,285	\$1,103,417
Russia	Chamah	Beans, Rice, Soy Oil, Wheat Flour	3,500	\$2,070,766
	PAS	Soy Oil, Wheat Flour, Nonfat Dry Milk	334	\$295,394
	RFCP	Wheat	15,000	\$1,894,800
South Africa	AFRICARE	Soy Oil, Sunflower Oil	11,800	\$11,112,070
Tajikistan	AKF	CSB, Dry Whole Milk, Soy Oil, Wheat Flour	5,825	\$4,911,909
	CARE	Rice, Soy Oil, Wheat Flour	5,500	\$1,779,613
	MCI	Rice, Soy Oil	2,500	\$1,594,041
	STC	Veg. Oil, Wheat Flour	3,020	\$806,134
Tanzania	TECHSRV	Wheat	10,000	\$1,457,600
Ukraine	AGUDATH	Rice, Dry Milk (Whole and Non-fat)	3,900	\$5,350,085
	GJARN	Sunflower Oil, Wheat Flour, Dry Whole Milk	3,320	\$7,950,490
Program Total			188,519	\$84,235,732

*Values do not include ocean freight costs.

Source: USDA/FAS 12/21/98

EMERGENCY OPERATIONS, as reported FY 1998
TARGETED POPULATIONS BY COUNTRY, COOPERATING SPONSOR

COUNTRY	Cooperating Sponsor	Special Groups Targeted ¹	Total number of targeted beneficiaries	Targeted Population: Reached	Targeted Population: Not Reached	Targeted Population: No Info
AFRICA						
ANGOLA	TOTAL		746,275	635,574	110,701	-
	CARE	F (IDPs, Rt)	106,275	103,294	-	-
	CRS	F (IDPs, Rt)	160,000	160,000	-	-
	SCF	F (IDPs)	165,000	165,000	-	-
	WFP	F (IDPs)	315,000	207,280	-	-
CHAD	WFP	I, C	250,310	250,310	-	-
ETHIOPIA	DPPC	F	1,338,735	-	-	1,338,735
KENYA	WFP	A2, F, I	895,718	895,718	-	-
LIBERIA	CRS	C, F (IDP, Ref, Rt.)	379,000	300,000	79,000	-
MADAGASCAR	CRS	C, C1, H	18,040	16,000	2,040	-
MAURITANIA	TOTAL		217,745	217,745	-	-
	Doulos	A, B, C, I	17,745	17,745	-	-
	WFP	I, C	200,000	200,000	-	-
NIGER	CRS	B1, E, I	63,000	63,000	-	-
RWANDA REGIONAL ²	TOTAL		1,767,000	1,767,000	-	-
	CRS	A, A4, A5, C, D, G	4,000	4,000	-	-
	WFP	I, C, F (IDPs, Ref, Rt)	1,763,000	1,763,000	-	-
SIERRA LEONE	TOTAL		557,000	361,000	196,000	-
	CARE	B1, C1, F (IDPs)	200,000	65,000	135,000	-
	CRS	F (IDPs, Rt)	292,000	231,000	61,000	-
	WVRD	F (Ret)	65,000	65,000	-	-
SOMALIA	WFP	F, I	196,770	196,770	-	-
SUDAN	TOTAL		1,433,200	273,600	49,600	1,110,000
	ADRA	A1, B1, C, D, F (IDP, Rt)	500,000	105,600	56,000	49,600
	CRS	A, B1, C, F (IDPs, Rt)	110,600	110,600	-	-
	NPA	F (IDPs, Rt)	107,000	107,000	-	0
	WFP	B, C, I, F (IDPs)	1,110,000	-	-	1,110,000
UGANDA	WFP	A4, B1, C, F (IDPs)	110,000	110,000	-	-
ASIA/NEAR EAST						
IRAQ	WFP	B1, B2, C, D, F (IDPs, Ref, Rt)	666,000	-	-	666,000
N. KOREA	WFP/PVOs	A1, A2, B1, F, H, I	3,806,280	3,717,708	88,572	-
EUROPE						
ALBANIA	WFP	F	40,000	400,000	-	-
BOSNIA	TOTAL		2,118,538	2,109,836	8,702	-
	ADRA	E, F	47,500	38,798	8,702	-
	ARC	E, F	103,000	103,000	-	-
	CRS	F (IDPs)	35,000	35,000	-	-
	IOCC	C, F (IDPs)	33,038	33,038	-	-
	WFP	A3, B2, E, G, F (IDPs)	1,900,000	1,900,000	-	-
BULGARIA	TOTAL		120,000	117,000	3,000	-
	ARC	E, F (IDPs)	100,000	97,000	3,000	-
	CRS	F	20,000	20,000	-	-
TAJIKISTAN	WFP	A3, B2, E, G, F (IDPs)	485,000	355,000	130,000	-
TOTAL	34 Programs		15,765,611	12,147,261	863,615	3,114,735

1 Special Groups Targeted-- Categories

A. Children (general)

A1 Preschool

A2 School

A3 Orphans

A4 Unaccompanied

A5 Prisoned

B Women

B1 Pregnant/lactating

B2 Widows, household heads

C Malnourished (general)

D Sick (in hospitals and clinics)

E Elderly

F Food Insecure

G Handicapped

H Typhoon/cyclone victims

I Drought/famine victims

2 Includes Rwanda, Burundi, Tanzania, Democratic Republic of Congo, Uganda

APPROVED FY 1998 CS-IMPLEMENTED TITLE II DEVELOPMENT
ACTIVITIES

No.	Region	Country/Sponsor	LOA	Types of Components							
				HN	WS	AG	NR	ED	HA	RI	ME
1	Africa	Benin/CRS	96-00	x					x		
2	Africa	Burkino Faso/CRS	97-01					x	x		
3	Africa	Cape Verde/ACDI	97-01	x		x					
4	Africa	Chad, Mali/Africare	97-01	x		x					
5	Africa	Eritrea/Africare	95-97			x					
6	Africa	Ethiopia/CARE	97-01	x	x	x	x				
7	Africa	Ethiopia/CRS	97-01	x		x		x	x		
8	Africa	Ethiopia/FHI	96-98	x	x	x	x				
9	Africa	Ethiopia/EOC	98-02			x					
10	Africa	Ethiopia/REST	96-98			x	x				
11	Africa	EthiopiaSCF	96-98	x	x	x					
12	Africa	Ethiopia/WVRD	95-97	x		x					x
13	Africa	Gambia/CRS	97-01	x		x					
14	Africa	Ghana/ADRA	97-01	x		x					
15	Africa	Ghana/CRS	97-01	x				x	x		
16	Africa	Ghana/TECHSRV	97-01			x					
17	Africa	Guinea/Africare	96-00								
18	Africa	Guinea /OICI	96-00								
19	Africa	Guinea Biss/Africare	95-98								
20	Africa	Kenya/ADRA	98-02		x	x					
21	Africa	Kenya/CARE	98-02		x	x					x
22	Africa	Kenya/FHI	97-00	x		x					
23	Africa	Kenya/CRS	98-01	x	x	x					
24	Africa	Kenya/TECHSRV	97-00			x					
25	Africa	Kenya/WVI	98-01								
26	Africa	Madagascar/ADRA	98-02			x			x		
27	Africa	Madagascar/CARE	98-02		x				x		
28	Africa	Madagascar/CRS	95-98	x					x		
29	Africa	Mauritania/Doulos	96-00	x					x		
30	Africa	Mozambique/ADRA	97-01	x		x					
31	Africa	Mozambique/Africare	97-01	x		x					
32	Africa	Mozambique/CARE	97-01	x		x					
33	Africa	Mozambique/FHI	97-01	x		x					
34	Africa	Mozambique/SCF	97-01	x		x					
35	Africa	Mozambique/WVI	97-01	x		x					
36	Africa	Uganda/ACDI	97-01			x					
37	Africa	Uganda/Africare	97-01			x					
38	Asia	Bangladesh/CARE	94-99			x					
39	Asia	India/CARE	97-01	x							
40	Asia	India/CRS	97-01	x		x		x	x		

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No.	Region	Country/Sponsor	LOA	Types of Components							
				HN	WS	AG	NR	ED	HA	RI	ME
41	LAC	Bolivia/ADRA	97-01	x	x	x		x			
42	LAC	Bolivia/FHI	97-01	x	x	x		x			
43	LAC	Bolivia/PCI	97-01	x	x	x		x			
44	LAC	Guatemala/CARE	96-00	x	x				x		
45	LAC	Guatemala/CRS	97-01	x		x			x		x
46	LAC	Guatemala/FTC	97-01						x		
47	LAC	Guatemala/SHARE	96-00	x					x		
48	LAC	Haiti/ADRA	96-00	x		x		x	x		
49	LAC	Haiti/CARE	96-00	x	x		x	x	x		
50	LAC	Haiti/CRS	96-00	x				x	x		
51	LAC	Honduras/CARE	96-00	x		x			x		
52	LAC	Nicaragua/ADRA	96-00	x							
53	LAC	Nicaragua/PCI	97-01	x							
54	LAC	Nicaragua/SCF	96-00	x							
55	LAC	Peru/ADRA	96-00	x		x					
56	LAC	Peru/CARE	96-00	x		x					
57	LAC	Peru/CARITAS	96-00	x		x			x		
58	LAC	Peru/PRISMA	96-00	x		x			x		
59	LAC	Peru/TECHSRV	98-02			x					
Component Totals				40	12	40	4	10	19	0	3

HN = Health/Nutrition; WS = Water/Sanitation; AG = Agriculture;
 NR = Natural Resources; ED = Education; HA = Humanitarian Assistance;
 RI = Road/Infrastructure; ME = Micro-enterprise

Source: USAID/FFP SO2 FY2000 R4

**USAID BUREAU FOR HUMANITARIAN RESPONSE/FOOD FOR PEACE OFFICE
Section 202(e) & ISA/ISG Funds Allocation
FY 1994 - 1998 (Development & Emergency Activities)**

	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998
Section 202(e) Levels	\$13,458,009	\$13,500,000	\$25,000,000	\$28,000,000	\$28,000,000
Section 202 (e) Funds for ISGs	\$2,750,000	\$1,362,095	\$1,934,829	\$3,158,874	\$865,180
FFP DA Levels	\$3,325,000	\$5,507,000	\$4,157,000	\$5,140,000	\$5,000,000
DA Funds Used for ISGs	\$2,250,000	\$3,400,000	\$2,747,154	\$2,776,762	\$4,134,820
ISG Levels (From Section 202(e) and DA Funds)	\$5,000,000	\$4,762,095	\$4,681,983	\$5,935,636 ¹	\$5,000,000

1 Corrected from 1997 International Food Aid Report

Source: USAID/BHR/FFP 10/29/97; revised 12/12/97

**P.L. 480 Title II
FY 1998 Congressional Mandates**

	Subminimum	Minimum	Monetization	Value-added	Bagged in US
FY 1998 Target	1,550,000	2,025,000	15.0%	75.0%	50.0%
Final Status Sept. 1998	1,151,229	2,295,173	47.4%	51.7%	93.5%

- Subminimum:** Metric tons programmed for non-emergency program through PVOs/CDOs and the WFP. Metric Ton Grain Equivalent (MTGE) used to report against target
- Minimum:** Total metric tons programmed under Title II. MTGE used to report against target.
- Monetization:** Percentage of non-emergency programs that are PVO Monetization programs.
- Value-added:** Percentage of non-emergency program food commodities that are processed, fortified, or bagged.
- Bagged in U.S.:** Percentage of bagged non-emergency commodities that are whole grain to be bagged in the United States.

Source: USAID/BHR/FFP 12/03/98