



United States
Department of
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Foreign
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Service

FACT SHEET

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FOOD ASSISTANCE

The U.S. Department of Agriculture's Foreign Agricultural Service (FAS) helps provide U.S. agricultural commodities to assist millions of people in needy countries through direct donations and concessional programs. The U.S. government can provide food aid through four program authorities: the Food for Progress Program; the McGovern–Dole International Food for Education (FFE) and Child Nutrition Program; Public Law 480; and Section 416(b). The U.S. Agency for International Development administers the Public Law 480, Title II program. USDA administers the other food aid programs and the Bill Emerson Humanitarian Trust.

The **Food for Progress** program, authorized by the Food for Progress Act of 1985, provides for the donation or credit sale of U.S. commodities to developing countries and emerging democracies to support democracy and an expansion of private enterprise. To date, all food aid under this program has been by donation.

The implementing organizations request commodities, and USDA purchases those commodities from the U.S. market. USDA donates the commodities to the implementing organizations and pays for the freight to move the commodity to the recipient country.

Once a year in April, USDA announces it is seeking FFP proposals from private voluntary organizations (PVOs), foreign governments, and the United Nations World Food Program (WFP).

USDA considers proposals for all developing countries and territories that meet the requirements of the Food for Progress Act of 1985. Priority consideration is given to proposals for countries with:

- per capita income at lower or lower-middle income standards (using World Bank statistics);
- greater than 20-percent prevalence of undernourishment as a proportion of the total population (Food and Agriculture Organization (FAO) of the United Nations data); and
- positive movement towards freedom, including political rights and civil liberties (as defined by Freedom House).

USDA also uses Food for Progress to target countries in transition, either politically or economically. Priority countries are announced every April at the International Food Aid Conference in Kansas City, Missouri.

Proposals should focus on private sector development of agricultural sectors such as improved agricultural techniques, marketing systems, farmer education and cooperative development, expanded use of processing capacity, and development of agriculturally related businesses. Proposals are analyzed to ensure that:

- commercial markets are not disrupted;
- tangible benefits exist for the country's agricultural sector;
- tangible, quantifiable outcomes are defined;
- it is well developed and articulated;
- it identifies appropriate commodities and tonnages for the target country; and
- demonstrates the organization's capability and experience to carry it out.

Proposals are normally due in July and those chosen are announced by January.

Depending on the agreement, the commodities donated through Food for Progress may be sold in the recipient country, and the proceeds used to support agricultural, economic, or infrastructure development programs. Assistance is provided through foreign governments, PVOs, nonprofit organizations, cooperatives, and intergovernmental organizations. The program is limited by a statutory requirement that freight costs do not exceed \$40 million. USDA supports about 15-20 projects each year that impact more than a million people.

The FFP agreement between USDA and National Rural Electric Cooperative Association (NRECA) provided \$8.5 million in commodities for use in the Philippines and is a good example of how this program works and how it can impact a country. NRECA sold the commodities and used the funds to help establish and finance the Rural Electric Finance Corporation of the

Philippines (REFC). Once established, the REFC financed a lending program. Loan projects included power distribution improvements and expansion, small power supply projects, and renewable energy systems. As a result, 120 electric co-ops in the Philippines provide as many as 5 million people with electricity every day.

The **McGovern-Dole International Food for Education Program** helps support education, child development, and food security for some of the world's poorest children. It provides for donations of U.S. agricultural products, as well as financial and technical assistance, for school feeding and maternal and child nutrition projects in low-income, food-deficit countries that are committed to universal education.

The commodities are made available for donation through agreements with PVOs, cooperatives, intergovernmental organizations, and foreign governments. Commodities may be donated for direct feeding or for local sale to generate proceeds to support school feeding and nutrition projects.

To be eligible for new proposals under FFE, a country needs to meet the following criteria to be considered a priority country:

- per capita income at lower or lower-middle income standards (using World Bank statistics);
- greater than 20 percent prevalence of undernourishment as a proportion to the total population (FAO data);
- adult literacy rates below 75 percent and a net food importer;
- government commitments to education; and
- has no or limited civil conflict that could impede implementation of the program.

FAS will also give priority to proposals from organizations that have ongoing FFE programs in non-priority countries to support sustainability. The projects must demonstrate acceptable progress towards sustainability.

Every April at the International Food Aid Conference in Kansas City, Missouri, USDA announces it is seeking FFE proposals from PVOs, foreign governments, and the WFP, as well as the priority countries to be targeted.

Proposals should identify developmental goals for improving literacy and primary education. Proposals may also include a component that aims to improve the educational environment for students, particularly girls. For maternal and child nutrition activities, the proposal should demonstrate how the program will improve the food security and nutritional status of the target population. Proposals should support the economic development and integration of the recipient country and redress civil conflict where applicable, particularly in post-conflict and post-disaster societies. Coordination with other existing food aid programs is also important.

Each proposal is evaluated using the same criteria:

- the need for the program is clearly substantiated and the recipient country is committed to improving its quality of education and nutrition;
- the program is sustainable after USDA funding ends and the government of the country, local institutions and communities, or other donor will be involved in the program;
- the proposal's quality is such that it addresses implementation and cost

issues and includes a situational analysis;

- commodities and tonnages appropriate for the country are identified; and
- the organization's capability and effectiveness in implementing previous food aid programs is evident or demonstrated.

Proposals are due in July and those chosen are announced by January.

USDA is supporting more than 30 programs in about 25 countries. More than 3 million children are receiving meals throughout each school year.

In 2006, USDA awarded Counterpart International (CPI) a grant to provide more than 9,000 tons of commodities for use in Senegal under the FFE program. This project is using vegetable oil, textured soy-protein, and barley to feed nearly 18,000 primary school children and 1,800 pre-school children over a three-year period. The proceeds from the sale of soybean oil are being used to improve school sanitation, repair schools, and improve the skills of teachers. The project includes a maternal and child health component, which provides take-home rations to needy mothers with young children. It also provides a growth monitoring and promotion program, along with a health education and assistance campaign. The leader of one of the villages in which the school feeding project is being conducted told the visiting U.S. Ambassador to Senegal that, "We have already seen immediate results from this program as students are able to stay in school longer and learn more each day."

In July 2007, USDA announced the **Stocks-for-Food program**, which exchanges uncommitted CCC inventory for finished food products. The uncommitted

commodities were acquired by the CCC through forfeiture of loan collateral under the Marketing Assistance Loan Program. The finished food products have been provided to the FFE program and to U.S. domestic feeding programs.

So far, more than 13,000 metric tons of bulk commodities have been exchanged for finished products that were used in the FFE program, resulting in cost savings of about \$10 million. Additional releases of stocks will add another \$10 million in cost savings to the program. These savings have allowed approximately 700,000 recipients to continue to receive shipments and avoid delays.

Public Law 480 (P.L. 480)

P.L. 480 has three titles, and each title has a specific objective and provides assistance to countries at a particular level of economic development. Title I of P.L. 480 is administered by USDA, and Titles II and III are administered by the U.S. Agency for International Development (USAID). Currently, only Title II is in use.

P.L. 480, Title I–Trade and Development Assistance, provides for government-to-government sales of U.S. agricultural commodities to developing countries on credit or grant terms. Depending on the agreement, commodities provided under the program may be sold in the recipient country and the proceeds used to support agricultural, economic, or infrastructure development projects. Agreements under the Title I credit program may provide for repayment terms of up to 30 years with a grace period of up to 5 years. The authority also allows for grant programs, which have outnumbered loans in recent years.

Since fiscal year 2006, funding has not been requested because demand for food

assistance using credit financing has fallen, mostly because worldwide commercial interest rates have been relatively low.

P.L. 480, Title II–Emergency and Private Assistance, provides for the donation of U.S. agricultural commodities to meet emergency and nonemergency food needs in other countries, including support for food security goals.

Agricultural commodities donated by the U.S. government to meet emergency needs are traditionally provided through the WFP or PVOs, though they may also be provided under government-to-government agreements. Nonemergency assistance may only be provided through PVOs, cooperatives, and intergovernmental organizations.

The Administration has proposed to Congress to allow the U.S. government to use up to 25 percent of P.L. 480, Title II, annual funds to purchase commodities grown near the site of the crisis during an emergency. The change would provide the ability to act quickly and effectively in cases where a rapid response is critical to saving lives.

P.L. 480, Title III–Food for Development, provides for government-to-government grants to support long-term growth in the least developed countries. Donated commodities are sold in the recipient country, and the revenue generated is used to support economic development programs. In recent years, this title has been inactive.

The **Section 416(b)** program is authorized by the Agricultural Act of 1949, as amended. This program provides for overseas donations of surplus commodities acquired by the CCC. Donations may not reduce the amounts of commodities that are

traditionally donated to U.S. domestic feeding programs or agencies, and may not disrupt normal commercial sales.

Availability of commodities under Section 416(b) depends on CCC inventories and acquisitions, and programming varies from year to year. The commodities are made available for donation through agreements with foreign governments, PVOs, cooperatives, and intergovernmental organizations. Depending on the agreement, the commodities donated under Section 416(b) may be sold in the recipient country and the proceeds used to support agricultural, economic, or infrastructure development programs.

The Section 416(b) program is currently inactive due to the unavailability of government-owned commodities.

Program Administration

USDA coordinates shipments of food aid, assures commodity specifications are met, and provides quality control and cargo inspection services. FAS has the lead responsibility for the USDA-administered food aid programs. USDA's Farm Service Agency (FSA) is responsible for procuring and supplying commodities for the U.S. food aid donation programs.

In September 2007, USDA awarded a contract through a transparent, competitive bidding process to begin a **food aid quality** study. The non-profit organization Sharing U.S. Technology To Aid in the Improvement of Nutrition (SUSTAIN) is working with USDA on the first two phases of this study. The first phase involves the review of existing CCC contract specifications for food aid commodities, starting with those for blended and fortified foods. USDA will examine contracting practices, with the aim of simplifying them

and using more commercially acceptable methods. In the second phase, USDA will establish a post-production commodity sampling and testing regime based on sound scientific standards to ensure they receive the products they contracted to purchase. Finally, USAID will conduct a longer-term study to assess the effectiveness, both in terms of results and cost, of commodities currently procured by CCC for use in these programs.

The interagency **Food Assistance Policy Council**, chaired by USDA's Under Secretary for Farm and Foreign Agricultural Services, coordinates U.S. food aid policies and programs. The council includes representatives from the Office of Management and Budget (OMB), USAID, the U.S. Department of State, and USDA. At the staff level, program planners in USAID and USDA meet regularly to review and coordinate plans. In addition, USAID and USDA work together to combine smaller shipments of commodities into larger ones, which saves funds on transport.

The **Bill Emerson Humanitarian Trust** is another important resource to ensure that the U.S. government can respond to emergency food aid needs. The Emerson Trust is not a food aid program, but a food reserve administered under the authority of the Secretary of Agriculture. U.S. commodities from this reserve for P.L. 480 can be used to respond to humanitarian food crises in developing countries, particularly those that emerge unexpectedly. Up to 4 million metric tons of U.S. wheat, corn, sorghum, and rice can be kept in the reserve. The Secretary of Agriculture is authorized to release commodities from the Emerson Trust to provide food aid for emergency needs that cannot otherwise be met through P.L. 480.

Additional Information: For more information, contact: Food Assistance Division, Office of Capacity Building and Development, FAS/USDA, Stop 1034, 1400 Independence Ave. SW, Washington, DC 20250-1034; tel.: (202) 720-4221; fax: (202) 690-0251.

Information about USDA food aid efforts is also available on the FAS Web site:

<http://www.fas.usda.gov/food-aid.asp>

General information about FAS programs, resources, and services can be found at:

<http://www.fas.usda.gov>