



Highlights of [GAO-09-570](#), a report to the Chairman, Subcommittee on Africa and Global Health, Committee on Foreign Affairs, House of Representatives

### Why GAO Did This Study

While the U.S. approach of providing in-kind food aid has assisted millions of hungry people for more than 50 years, in 2007 GAO reported limitations to its efficiency and effectiveness. To improve U.S. food assistance, Congress has authorized some funding for local and regional procurement (LRP)—donors' purchase of food aid in countries affected by food crises or in a country within the same region. Through analysis of agency documents, interviews with agency officials, experts, and practitioners, and fieldwork in four African countries, this requested report examines (1) LRP's impact on the efficiency of food aid delivery; (2) its impact on economies where food is procured; and (3) U.S. legal requirements that could affect agencies' use of LRP.

### What GAO Recommends

GAO recommends that the Administrator of USAID and the Secretary of Agriculture systematically collect evidence on LRP adherence to quality standards; work to improve the reliability of market intelligence; and work with the Secretary of Transportation to update the interagency memorandum of understanding (MOU) that governs cargo preference requirements. USAID concurred with GAO's recommendations. USDA and WFP generally concurred but noted concerns about certain efficiency and market intelligence issues. DOT suggested further analysis of costs and delivery time, and noted that DOT implements its mandate through regulation, not the MOU.

View [GAO-09-570](#) or [key components](#). For more information, contact Thomas Melito at (202) 512-9601 or [melitot@gao.gov](mailto:melitot@gao.gov).

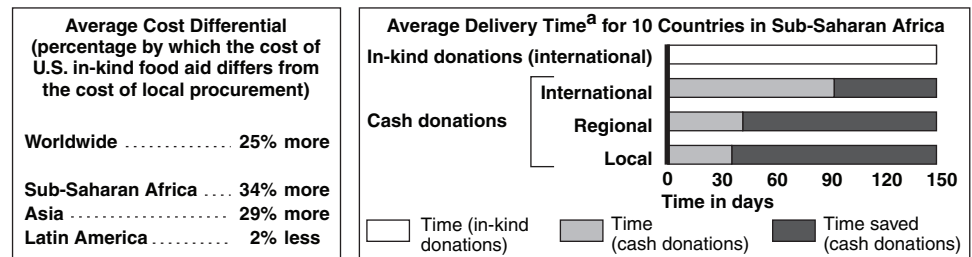
## INTERNATIONAL FOOD ASSISTANCE

### Local and Regional Procurement Can Enhance the Efficiency of U.S. Food Aid, but Challenges May Constrain Its Implementation

#### What GAO Found

LRP offers donors a tool to reduce food aid costs and delivery time (see fig. below), but multiple challenges to ensuring cost-savings and timely delivery exist. GAO found that local procurement in sub-Saharan Africa cost about 34 percent less than similar in-kind food aid purchased and shipped from the United States to the same countries between 2001 and 2008. However, LRP does not always offer cost-savings potential. GAO found that LRP in Latin America is comparable in cost to U.S. in-kind food aid. According to World Food Program (WFP) data, from 2004 to 2008, in-kind international food aid delivery to 10 sub-Saharan African countries took an average of 147 days, while local procurement only took about 35 days and regional about 41 days. Donors face challenges with LRP, including (1) insufficient logistics capacity that can contribute to delays in delivery, (2) donor funding restrictions, and (3) weak legal systems that can limit buyers' ability to enforce contracts. Although LRP may have the added benefit of providing food that may be more culturally appropriate to recipients, evidence has yet to be systematically collected on LRP's adherence to quality standards and product specifications, which ensure food safety and nutritional content.

Comparison of Cost and Time in Food Aid Delivery



Source: GAO analysis of USAID and WFP data.

<sup>a</sup>Time elapsed between the purchase order date and the date WFP takes possession of the food in the recipient country. Additional time is required for the food to reach intended beneficiaries.

LRP has the potential to make food more costly to consumers in areas where food is procured by increasing demand and driving up prices, but steps can be taken to reduce these risks. As GAO's review of WFP market analyses and interviews with WFP procurement officers confirmed, a lack of accurate market intelligence, such as production levels, makes it difficult to determine the extent to which LRP can be scaled up without causing adverse market impacts. Although LRP does have the potential to support local economies, for example by raising farmers' incomes, data to demonstrate that these benefits are sustainable in the long term are lacking.

U.S. legal requirements to procure U.S.-grown agricultural commodities for food aid and to transport up to 75 percent of those commodities on U.S.-flag vessels may constrain agencies' use of LRP. Although Congress has appropriated funding for some LRP, agencies disagree on the applicability of certain cargo preference provisions to LRP food aid that may require ocean shipping. The 1987 interagency MOU that governs the administration of cargo preference requirements and could clarify areas of disagreement among the agencies is outdated and does not address the issues arising from LRP.