

STATEMENT OF
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BEFORE THE

COMMITTEE ON AGRICULTURE
SUBCOMMITTEE ON RURAL DEVELOPMENT, RESEARCH, BIOTECHNOLOGY,
AND FOREIGN AGRICULTURE
UNITED STATES HOUSE OF REPRESENTATIVES

JULY 13, 2011

Introduction

Thank you Mr. Chairman and distinguished members of the Committee. I appreciate the opportunity to be here today to address the important subject of food aid programs in Title II of the Food for Peace Act. I will discuss the programs administered by the U.S. Agency for International Development (USAID), the importance of the programs to U.S. national security and to our moral values, some of the major accomplishments of the programs, and the challenges and concerns we face today.

For over 57 years, the USAID Food for Peace program has allowed the United States to live up to our historic mission to help alleviate hunger around the world. With Congress's assistance, we have fed billions of the world's neediest people – perhaps the largest and longest-running expression of humanity ever seen in the world. Some of the countries that have received Title II assistance have become self-sufficient or even food exporters and international donors themselves. While we can look back on this unique American achievement with pride, we must also look forward and address the challenges facing us in this century. There are many.

Under the Food for Peace Act, USAID has responsibility to administer Titles II, III, and V of the Trade portion of the Farm Bill. The Office of Food for Peace is tasked with managing programs under Title II of the Food for Peace Act, which consists of donating U.S. agricultural goods for emergency relief and development. It is administered through grants to U.S. nongovernmental organizations and the United Nations World Food Program.

Emergency Response

Title II emergency programs aim to address two forms of emergencies – natural disasters such as floods or droughts, and complex emergencies characterized by a combination of natural disaster, conflict, and insecurity.

In FY 2010, Title II emergency programs helped 46.5 million food-insecure people in 27 countries by alleviating malnutrition and hunger. In FY 2010, our emergency programs accounted for over three-fourths of our base funding.

In Pakistan, when epic flooding first began last year, Food for Peace sourced U.S. commodities from prepositioned warehouses, altered shipping routes, and allowed partners to borrow from Title II commodities already in the region to assure a timely response.

In the aftermath of the Haiti earthquake, we were able to pull over 6,500 tons from food aid already on the ground, purchased over 3,000 tons of American rice, and dispatched over 14,000 tons of food aid from prepositioned stocks in Texas to reach survivors.

In FY 2011, USAID has already provided significant food assistance to the drought emergency affecting the Horn of Africa, particularly Ethiopia and Somalia, where more than 10 million people require emergency assistance. This prolonged drought has resulted in severe food insecurity conditions, water shortages, and acute malnutrition rates above emergency thresholds, particularly among Somali refugees arriving at camps in Ethiopia and Kenya. The rate of new arrivals has significantly increased in recent weeks, with thousands of Somali refugees arriving weekly at refugee camps along the border, including the Dadaab refugee camp in northeastern Kenya. Humanitarian agencies operating in border areas and camps report that individuals are arriving in dire condition, requiring immediate life-saving support. The situation will deteriorate further without increased international attention. Even as we have provided more than \$300 million in four countries to respond to the drought, we are working with other donors to help secure their contributions. Make no mistake, however, the Title II program, with the American flag prominently displayed, is making a difference for refugees and drought-affected populations in the Horn today.

US food aid has been critical in supporting millions of displaced persons in Darfur and Sudanese refugees in Chad and elsewhere, as well as saving lives, protecting livelihoods, and promoting the reintegration of returning populations in South Sudan.

These are just a few of the examples of the live-saving work of our emergency response program.

Development Food Aid

We are also focusing our development food aid programs in the most food insecure countries, where stunting rates are highest and people live on less than \$1.25 per day. We have reduced the number of countries we work in with development food aid by 25 percent since 2008 in order to focus and concentrate our resources for greater impact. The programs address chronic malnutrition, boost agricultural productivity and incomes,

and help build resiliency. Targeted to disaster-prone areas, the program helps people to withstand the next drought or flood so they do not have to rely on emergency aid in the future.

In FY 2010, our U.S. nongovernmental organization (NGO) partners implemented development food aid programs in 21 countries to benefit some 8 million people.

In Bangladesh, a country of 156 million people, 45 percent of the population does not meet the minimum food requirements. Approximately 37 percent of children under five are underweight, and over 48 percent suffer from stunting. Three Title II partners aim to assist over 580,000 households in some of the poorest and most marginalized communities over the course of their multi-year development programs. One program has already reduced stunting by 28 percent in targeted communities. They have also provided business training for more than 6,000 female entrepreneurs and increased incomes by 128 percent, among other successes.

Globally the President's Feed the Future initiative has a mission to sustainably reduce hunger and poverty. It aims to link highly productive geographic zones to more vulnerable areas, helping to increase labor opportunities for households, strengthen value chains, and increase rural jobs. Our Title II development programs complement and reinforce this initiative. Through these programs, and in combination with USAID's other governance, development, and disaster mitigation programs, we aim to build the resiliency of the vulnerable populations we serve.

Title III – Food for Development

USAID also has responsibility for Food for Development (Title III), although funds have not been requested or appropriated for this program for more than a decade. USAID is authorized to donate agricultural commodities to a recipient country and to fund the transportation to the point of entry in the recipient country. These commodities may be monetized in least-developed countries' domestic markets and the revenue generated from their sale used to support and implement economic development and food security programs in those countries.

Title V – Farmer to Farmer Program

The John Ogonowski and Doug Bereuter Farmer-to-Farmer Program (Title V) provides voluntary technical assistance to farmers, farm groups, and agribusinesses in developing and transitional countries to promote sustainable improvements in food security and agricultural processing, production, and marketing. The program relies on the expertise of volunteers from U.S. farms, land grant universities, cooperatives, private agribusinesses, and nonprofit farm organizations to respond to the local needs of host-country farmers and organizations.

In FY 2010, implementing agencies fielded 522 volunteers from 48 states and the District of Columbia. Volunteer assignments focused on technology transfer, organizational development, business and enterprise development, financial services, and environmental conservation. Volunteers worked at various levels of the commodity production and marketing chain, including rural services and input supply, on-farm production, storage and processing, and marketing.

Trends and Concerns

Tonight, nearly 1 billion people will go to bed hungry and 3.5 million children will die this year of malnutrition. And unfortunately, these numbers may only get worse. Food prices are projected to remain high for at least the next several years. Thus, the U.S. commodities that are at the heart of our food aid programs—wheat, corn, sorghum, beans, vegetable oil—are projected to become more valuable over the next few years. It is difficult to predict where commodity prices will go in the long term.

The impacts of climate change and other extreme weather events, combined with the growth of densely populated urban centers in areas vulnerable to natural disasters, are increasing the risk of large-scale displacement, damage and death due to natural disasters. In addition, the number of people displaced from conflict or violence has increased from 17.4 million in 1997 to 27.5 million in 2010, and displacements are increasingly prolonged.

As Title II costs per metric ton have tripled, from a low of \$390 per ton in 2001 to a current high of \$1,180 per ton for FY 2011, we expect to ship and program less Title II food aid in fiscal year 2011 than we did during fiscal years 2009 and 2010 for equivalent amounts of funding.

In this regard, we are strongly concerned about the fiscal year 2012 Title II budget of \$1.03 billion passed by the House. At this funding level, approximately \$590 million of Title II would be available for emergency programs in FY 2012, given the requirement to provide a minimum level of Title II funding for development food aid programs, which must increase by \$25 million each year (regardless of appropriations levels). In FY 2012, the development food aid requirement is \$450 million. The House cut for Title II would require reductions in the largest emergency food aid programs, to include Ethiopia, Sudan, Haiti, Somalia, Afghanistan, and Pakistan.

It should be underscored that Title II food assistance is extended to people in need regardless of the political regime they live under and the actions of their countries' leaders, provided that adequate access and monitoring of the food aid is allowed. Such a policy is a long and proud American tradition that spans administrations and one that the Administration continues.

Monetization

While Title II provides funds for transport and distribution of commodities, our partners also need cash to fund other components of development food aid programs. Private voluntary organizations often monetize the Title II development food aid, selling locally and using the proceeds to implement activities that are part of the broader Title II program, such as training agricultural extension workers. But there are limits to the extent this can be done, and as recently recommended by the Government Accountability Office (GAO), we need to be very careful that monetization does not have negative effects on local markets and production.

We have taken note of the recent GAO report on monetization. As food assistance is becoming an increasingly precious resource, we need to make sure that every food aid dollar counts in a world where hunger is increasing. The use of monetization has to be targeted more effectively.

As part of the Feed the Future Initiative, the Administration has requested cash to fund integrated community development efforts that would otherwise be resourced through Title II via monetization. The community development fund would be especially useful when monetization is not an appropriate tool.

We recognize that monetization practices can be improved, and we will consider ways to continue to improve market analyses and monitoring and evaluation of monetization as well as the returns we get on monetized food.

In this regard, USAID continues to manage a project to help ensure Title II programs comply with the Bellmon Amendment, which requires that adequate storage facilities be available in a recipient country upon arrival of a commodity to prevent spoilage or waste, and that distribution of the commodity in the recipient country will not result in substantial disincentive or interference with domestic production or marketing in that country. The Bellmon Estimation for Title II (BEST) Project is conducting independent market analyses to ensure that these requirements are met. Studies have already been completed for a number of countries, which are posted on the USAID public Web site.

My colleague from the U.S. Department of Agriculture (USDA) will be sharing with you information on their programs. We work closely with USDA on programming and commodity procurement. We are working to assure that we regularly exchange solicitations for future activities, that field-based staff increase collaboration, and that our monetization activities are well coordinated.

More Efficient and Effective Food Assistance

Let me also mention several other measures we have taken to make Title II assistance more effective and efficient to assist the most vulnerable populations overseas.

For more effective decision making on emergency food aid allocations, and to better link early warning and response to emergencies, we developed a new Famine Early Warning System Network resource (FEWS NET) – the Food Assistance Outlook Briefing – which provides warning of food assistance needs six months in the future. These predictions are critical because of the time required to purchase and ship in-kind food aid from the United States. Already this system has allowed us to preposition commodities near the Eastern Horn of Africa to provide quick delivery of commodities in response to severe droughts.

Globally, we have expanded our prepositioning to six sites, allowing us to maintain a continuous flow of vital food aid and in some cases reduce our response time significantly.

As you know, Administrator Rajiv Shah has embarked on a USAID Forward reform effort that prioritizes evidence-based programming. As a reflection of our commitment to understand and improve impact we are undertaking a number of steps including:

- Adding monitoring and evaluation technical experts to our field team;
- Offering workshops and training to partners on monitoring and evaluation;
- Refining indicators to better measure our effectiveness; and
- Conducting research to better capture and summarize results and make recommendations for improved programming.

Food Aid Quality

Looking ahead, I want to mention a new initiative underway to improve the overall quality of our in-kind food aid.

Just three months ago, in partnership with Tufts University, we released a two-year food aid quality review produced in close consultation with private sector stakeholders, nongovernmental organizations, and leading nutritionists. We recognize and are grateful to Congress for their support in this effort. The review identified several ways to better match the nutritional quality of the food USAID provides to help children reach their maximum potential. Nutrition science now tells us that if a child does not receive certain basic nutritional requirements in the first 1,000 days of life his or her brain will never fully develop and he or she can never reach his or her full intellectual potential.

We are targeting young children and their mothers in our food programs, and we will now have a panoply of products better suited to meet their nutritional needs. We will improve the micronutrient fortification of vegetable oil and milled grains and are working on development of a new blended product for preventing malnutrition in children from six months to two years. New products will also include new emergency bars, biscuits, and pastes that can quickly be distributed to displaced, malnourished populations.

Together with our partners in academia, industry and other stakeholders, we are developing the next generation of food aid commodities.

At the International Food Aid and Development conference in June, we had an opportunity to discuss in detail the findings of the report and to continue the exchange with both our domestic and international food aid partners about how we can move forward together on this important agenda.

Broader Food Aid Reform

As expressed earlier, to allow us to address these challenges we will need to continue to seek improvements in the effectiveness and efficiency of the food aid systems, as well as broader reform. The Farm Bill represents the greatest opportunity to address the need for broader food aid reform, to enable us to be more responsible stewards of this important national resource.

The multiple legislative mandates for Title II in the Food for Peace Act create a number of operational difficulties and hinder the effectiveness of Title II. For example, 75 percent of development commodities must be processed, fortified or bagged. It is very difficult to meet this requirement, forcing USAID to make less than optimal product selections – leading to supply- rather than demand-driven programming. Other mandates instruct USAID to:

- Monetize at least 15 percent of development food aid;
- Increase by \$25 million per year the value of development programs, up to no less than \$450 million in fiscal year 2012;
- Provide no less than 1.875 million metric tons of development food aid annually. (This is an unrealistic sub-minimum that would require close to the full Title II annual budget to meet.)

There are other technical requirements that are distinct and separate from the Title II food aid program, including cargo preference and the “Great Lakes” set-aside statutory requirement, where clarifying language in legislation would allow Title II to be free from such restrictions.

Congress will hold the forthcoming Farm Bill discussions in a context where budgets are tighter than ever, food is scarcer, and prices are high. In light of these challenges, we will be seeking maximum flexibility to assure that we can make strategic choices that yield maximum impact. We seek your support to reduce the complex and inefficient directives that hamper our programming choices and minimize our flexibility.

Conclusion

Food aid programs are complex, and the problems and issues that Title II food aid must address are increasingly complex. USAID believes that the area for greatest convergence of our interests is in ensuring what we have long held as a basic principle: that the right food should get to the right people at the right time, while doing no harm.

As we look ahead, let me assure you that USAID remains committed to its role in supplying food aid to vulnerable people. With the support from Congress, we have fought and won many battles in the fight against hunger and malnutrition. Our programs have fed billions of the world's neediest people, averted famines, and helped countries lift themselves out of poverty and dependence.

Assisting in this effort are our partners. USAID has forged tremendously important partnerships with private voluntary organizations, as well as the UN World Food Program, to meet the food assistance needs of people around the world. Their teams have carried out their mission successfully and often at great personal risk. We recognize both their commitment and their sacrifice, including the many humanitarian aid workers who have lost their lives while assisting others. Those partnerships are strong, and continue into the future.

We would also like to acknowledge our important partners in the agriculture sector – the farmers (businessmen), grain elevator operators, truckers, bargemen, freight forwarders, port operators, carriers, and others - who form an unbroken chain of humanity stretching from this country's fertile fields to hungry families half a world away.

As we reflect back on the enduring legacy that Food for Peace has had over the last 57 years, we should be proud of the impact we have had on those we have assisted and those who remember the American food that helped them and their families in times of need.

I would again like to thank you for the support the Agriculture Committee has given to assist USAID in addressing food security needs abroad, demonstrating to the world the great heart of the American people. We should all be proud to have played a part in the extraordinary story of Title II food aid. Thank you.



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BIOGRAPHY

Nancy Lindborg

Assistant Administrator for the Bureau for Democracy, Conflict, and Humanitarian Assistance



Assistant Administrator Nancy Lindborg brings a wealth of development and humanitarian aid insight to the Bureau for Democracy, Conflict and Humanitarian Assistance (DCHA). Nancy has spent the last 14 years as president of Mercy Corps, a non-governmental organization (NGO) that helps people in the world's toughest places turn the crises of natural disaster, poverty, and conflict into opportunities for progress. Under her guidance and strategic vision, Mercy Corps has grown into a respected international relief and development organization and is known for addressing challenges with responsive, innovative programming.

Nancy also served as co-president on the Board of Directors for the U.S. Global Leadership Campaign. She was co-chair of the National Committee on North Korea where she led efforts to advance, promote, and facilitate engagement between citizens of the United States and the Democratic People's Republic of Korea. She is a member of the Council on Foreign Relations and was a member of the USAID Advisory Committee on Voluntary Foreign Aid.

From 2000 to 2005, she was chair of the Sphere Management Committee, an international initiative to improve the effectiveness and accountability of NGOs. From 1998 to 2002, Lindborg was the co-chair of the InterAction Disaster Response Committee—InterAction is the largest alliance of U.S.-based international NGOs focused on the world's poor and most vulnerable people.

Before joining Mercy Corps in 1996, she managed economic development programs as a regional director in post-Soviet Central Asia and worked in the private sector as a public policy consultant in Chicago and San Francisco. She holds a B.A and M.A. in English Literature from Stanford University and an M.A. in Public Administration from the John F. Kennedy School of Government at Harvard University.