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February 25, 2013

The Honorable Jeffrey Dunston Zients  
Acting Director  
Office of Management and Budget  
Eisenhower Executive Office Building  
1640 Pennsylvania Avenue, NW  
Washington, DC 20503

Dear Director Zients:

The Alliance for Global Food Security urges maintaining the structure of and funding levels for Food for Peace (PL 480) and Food for Progress programs in the Fiscal Year 2014 Budget of the U.S. Government. These programs are transparent, effective and efficient, providing a reliable pipeline of wholesome foods and commodities as well as reducing childhood malnutrition, improving agricultural productivity and incomes of the poor, and scaling up economic activity through market-driven agricultural value chains. Both PL 480 Title II development programs and Food for Progress fulfill the goal of the President's "Feed the Future" initiative to break the cycle of hunger and poverty. Alliance members work in over 100 developing countries and have seen firsthand how these programs improve people's lives and carry a strong message of goodwill from the American people.

Hunger robs people of the chance to lead productive lives, is a major cause of poor health and early death, and is both a consequence of and contributor to poverty. The U.S. Government has a diverse set of tools for addressing food needs and achieving food security goals under different scenarios. Besides U.S. food aid provided through PL 480 and Food for Progress, International Disaster Assistance funds are used to buy commodities overseas for emergencies, which, according to the State Department-USAID "FY 2013 Congressional Budget Justification", could increase from \$300 million per fiscal year to \$366 million in FY 2013. In addition, the Bill Emerson Humanitarian Trust, managed by the Commodity Credit Corporation, is available for supplying commodities to meet urgent food needs when unanticipated crises occur. Together, those programs, as well as the portion of development assistance, global health and economic support funds used for the Feed the Future initiative, form a strong set of options for improving agriculture productivity and food systems, cutting malnutrition, and responding to food crises.

We are well aware of the debates about the efficacy and efficiency of U.S.-sourced food assistance compared to other forms of aid, such as cash-funded development programs and buying commodities on the world market or

Adventist Development & Relief Agency International ♦ ACDI/VOCA ♦ Congressional Hunger Center ♦ Counterpart International  
Food for the Hungry ♦ Joint Aid Management ♦ International Relief & Development ♦ Land O'Lakes ♦ OIC International  
Planet Aid ♦ PCI ♦ Salesian Missions ♦ United Methodist Committee on Relief ♦ World Vision

closer to where they will be used as food aid. Such comparisons obfuscate the careful planning that goes into food aid programs and proven track records of Food for Peace and Food for Progress. Most arguments against U.S. food aid do not accurately characterize the way that U.S. food aid works, that the United States has a variety of tools for addressing food needs, and that U.S. food aid provides multiple benefits to local economies and poor communities.

The statutory purpose of PL 480 is to use U.S. commodities to build food security in developing countries. As described on the USAID website, PL 480 Title II development programs “aim to reduce chronic malnutrition among children under five and pregnant or lactating women, increase and diversify household income and strengthen and diversify agricultural production and productivity to build resilience and reduce the need for food assistance.”

Private voluntary organizations (PVOs) and cooperatives establish Title II development programs in cooperation with local organizations, businesses and institutions in poor communities where hunger is a persistent problem. Results include improved nutrition of infants and young children; formation of viable farmer cooperatives and businesses, increased incomes and agriculture productivity; natural resource management that preserves soil and water, and diversification of agriculture production for better nutrition and expanded markets. Linking food aid to improved resource management and disaster response helps communities cope with periods of drought, floods and economic distress, which is also a goal of the new USAID “Building Resilience to Recurrent Crises” policy. Title II programs are independently evaluated and based on lessons learned, the practitioner community works together and with USAID, the USAID-funded “Food and Nutrition Technical Assistance” project and others to upgrade approaches.

The USDA Food for Progress program targets developing countries that are implementing economic reforms, providing commodities that are in short supply and supporting expansion of their agricultural economies. The proceeds from sales of those commodities support improvements in agriculture and food systems, with a focus on market-driven approaches and mobilizing local private sector. Examples include the many farmer associations and cooperatives that have been established and continue to grow – increasing business activity and incomes and serving as development models. In Mozambique alone, 9,000 smallholder farmers participated in a dairy development program that now benefits over 300,000 people. In West Africa technical assistance has been provided to improve production practices and access to financing and markets, resulting in higher yields, better quality products and higher incomes from cash crops such as sesame, cashews and cocoa. In the longer term, these programs contribute to improved economies and stability – the foundation for trade and sound diplomatic relations.

While only a small part of the overall U.S. food aid portfolio, monetization is important to maintain as a programming option. The Alliance commissioned a study of “Value of Food Aid Monetization: Risks, Benefits and Best Practices” by Informa Economics, Inc., and the report was published in November 2012. [See [Informa Economics Study: Value of Monetization: Risks, Benefits and Best Practices](#)] The reason to monetize is not merely to produce funds for implementing activities; it should be used when the monetized commodity is not sufficiently available through domestic production and commercial imports and where providing the commodity through the marketing system of the recipient country has value. The report showed that the monetization process can address market constraints, food shortfalls or growing demand; improve marketing systems and food quality; and stimulate economic activity. Cost recovery alone, e.g. the amount of funds generated from the sale of the commodity in the recipient country compared to the costs to buy and ship it there, does not measure the value of food aid monetization.

For example, lack of credit and hard currency constraints limit the ability of Mozambican millers to purchase wheat on the world market. Therefore, food-aid wheat was sold on financial terms that allowed a variety of bidders, including smaller millers, to participate, expanding the food processing industry and business activity in the country. Thus, both the monetized commodity and the activities funded with the proceeds have value.

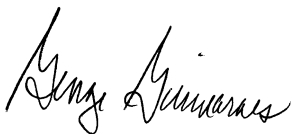
Our members believe that local-regional purchase has an important role to play in food aid and that attention should be given to improving the quality and safety of local food products. However, arguments that local-regional purchase should take the place of donor-provided food aid are misguided. They overlook the complexities, cost and volume limitations of buying locally and the importance of maintaining a reliable system for providing U.S. commodities to meet chronic and emergency needs. It is important to note that U.S. food aid delivery systems have improved with pre-positioning of U.S. commodities overseas and the availability of a wider variety of commodities to meet particular nutritional needs.

Ironically, one of the criticisms leveled at American-sourced food aid is that it has a strong U.S. constituency in the agricultural, transportation and labor sectors, as well as many of the PVOs and cooperatives that implement these programs overseas. We see the U.S. constituency as a plus, not a minus. As Secretary of State John Kerry stated so well in his remarks at the University of Virginia on February 20, 2013, foreign aid “suffers from a lack of domestic constituency.” He gave sound advice about explaining how foreign aid benefits our country’s economy, national security and strength:

“First, it’s about telling the story of how we stand up for American jobs and businesses – pretty practical, pretty straightforward, and pretty real on a day-to-day basis. And second, it’s about how we stand up for our American values, something that has always distinguished America.”

Over time, Food for Peace and Food for Progress have been monitored, evaluated, adapted and improved to be some of the most effective instruments at reducing childhood malnutrition and fighting food insecurity. In some nations they are the most effective tool in the food security tool chest and in every developing nation they offer hope and the possibility for changed circumstance. We urge continued support for these vital programs.

Sincerely,



George Guimaraes  
Chairman, AGFS, and  
President & CEO of PCI



Crispian Kirk  
Vice Chair, AGFS, and  
President & CEO of OIC International



Ellen Levinson  
Executive Director  
Alliance for Global Food Security

cc: The Honorable John F. Kerry  
The Honorable Thomas J. Vilsack  
The Honorable Rajiv J. Shah