



418 4th Street, NE ♦ Washington, DC ♦ 20002  
Phn 1-202-879-0835 ♦ Fax 1-202-618-6175  
[www.foodaid.org](http://www.foodaid.org)

## DOES FOOD AID REFORM INCREASE THE NUMBER OF BENEFICIARIES?

April 16, 2013

The Alliance for Global Food Security urges food aid reforms that maximize benefits and flexibility, without jeopardizing the availability and reliability of U.S. food aid. After reviewing President Obama's "Food Aid Reforms," we are concerned that it does not provide assurance that sufficient food aid will be available to maintain current levels and it bypasses important provisions of the Food for Peace Act (P.L. 480) that assure food aid is used for both emergency and chronic needs. The USAID briefing paper claims that the reforms will reach 2-4 million more beneficiaries. [See <http://www.usaid.gov/foodaidreform>] However, analysis of the data provided does not support that claim.

USAID already has flexibility to conduct local-regional purchase/cash transfer (LRP/CT) programs for emergencies using International Development Assistance (IDA) funds. The amount spent on those programs increased from \$232 million in FY 2011 to \$375 million in FY 2012. The Administration's proposal would transfer \$1.1 billion from P.L. 480 Title II to IDA and combine it with \$300 million of IDA funds to have a \$1.4 billion emergency food aid program that sources commodities either in the United States or overseas.

The cost per metric ton of the IDA LRP/CT program is higher than P.L. 480 Title II emergency food aid, which sources commodities from the United States. In FY 2012, the \$375 million IDA emergency food aid program was 44% more expensive per metric ton than U.S. commodities provided for emergencies under PL 480 Title II. In 2012, IDA local-regional purchase/cash transfers averaged \$2,112/metric ton compared to \$1,188/metric ton for emergency Title II programs. Even subtracting out the 42% of the IDA program that was used for cash transfers, the cost per ton averaged \$1,225 for the local-regional procurement and food voucher components, still higher than P.L. 480 Title II emergency aid. [See <http://www.usaid.gov/what-we-do/agriculture-and-food-security/food-assistance/quick-facts/fiscal-year-2012-food-peace>; <http://www.usaid.gov/what-we-do/agriculture-and-food-security/food-assistance/quick-facts/fiscal-year-2012-emergency-food>]

Since the cost per metric ton of existing IDA overseas procurement programs can be higher than Title II emergency food aid and cash transfers are not necessarily used to buy food; a greater number of food aid beneficiaries cannot be assured from using those methods. Moreover, USAID points out that more expensive food products, such as fortified cereals and ready-to-use therapeutic foods, are not locally available and need to be bought from the United States. Thus, the costs should be higher per metric ton for U.S. food aid.

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

Even if LRP/CT could reach more people, there is no assurance that IDA funds will be available for food aid. Once \$1.1 billion is transferred from the P.L. 480 account to IDA, as recommended in the President's proposal, those funds do not have to be used for food aid – it is available for any emergency need, such as medicine and shelter. Further, the President's FY 2014 budget request for IDA does not reflect the \$1.1 billion additional funds from P.L. 480; that account is only increased by \$530 million compared to FY 2013. Therefore, it is very doubtful that there will be \$1.4 billion for emergency food aid under IDA and that 2-4 million more beneficiaries will be served than under the current P.L. 480 Title II program.

IDA food aid programs are typically shorter in duration than P.L. 480 Title II emergency programs, *e.g.* each person receives food aid for a shorter period of time. This could be a way for the Administration to show a greater number of beneficiaries per metric ton. However, if the new program is limited to very short-term interventions, it will sacrifice flexibility to meet the needs of people who are displaced or without food for a protracted period of time due to conflict.

Another way to control costs and have more food available is to buy lower-valued commodities, but the trend is in the opposite direction, towards more blended and fortified cereals and ready-to-use therapeutic foods. According to the USAID briefing paper, they will need to continue to buy those high-valued, nutritious foods and large orders of bulk commodities from the United States, since they are not locally available.

We appreciate that the USAID food aid reform briefing paper reaffirms the U.S. commitment to private voluntary organization (PVO) development food aid partners and programs that address the underlying causes of hunger, which are currently funded under P.L. 480 Title II. In FY 2012, \$427 million of P.L. 480 Title II funds were used for programs that reduced hunger and built self-reliance in crisis-prone communities.

We are concerned about future support for those programs since the Administration's proposal shifts them to the USAID Development Assistance (DA) account and they would no longer be covered by the Food for Peace Act, which provides clear objectives and structure. DA funds are used for a wide range of economic development, environmental, agriculture and other programs. PVOs would not have access to U.S. commodities to address food gaps and support food-for-work, maternal-child nutrition and other activities that decrease malnutrition, increase agricultural productivity and household incomes, and improve the ability of poor communities to maintain those benefits over time.

Thus, we urge maintaining all options in order to assure adequate resources are available and to provide flexibility to tailor programs to meet local needs. The Alliance has prepared recommendations for congressional consideration.

The Alliance recommends a three-pronged approach: (1) maintain funding for Food for Peace Title II donations for emergencies and chronic hunger, while improving procurement, the approach to monetization and access to DA funds to support those programs; (2) use International Disaster Assistance (IDA) funds for local and regional procurement, cash transfers and food vouchers; and (3) fund a "Developmental Local-Regional Purchase Program" to build the capacity of small farmers and processors in food insecure areas of the developing world to improve the quality, safety and quantity of food aid for local programs.

Alliance members are private voluntary organizations and cooperatives that are committed to addressing hunger, malnutrition and food insecurity. They operate in over 100 developing countries, implementing emergency and development programs that build the capacity of local communities, enterprises and institutions. Contact: Ellen Levinson, Executive Director, phone, 202-879-0835; [elevinson@elevation.com](mailto:elevinson@elevation.com)